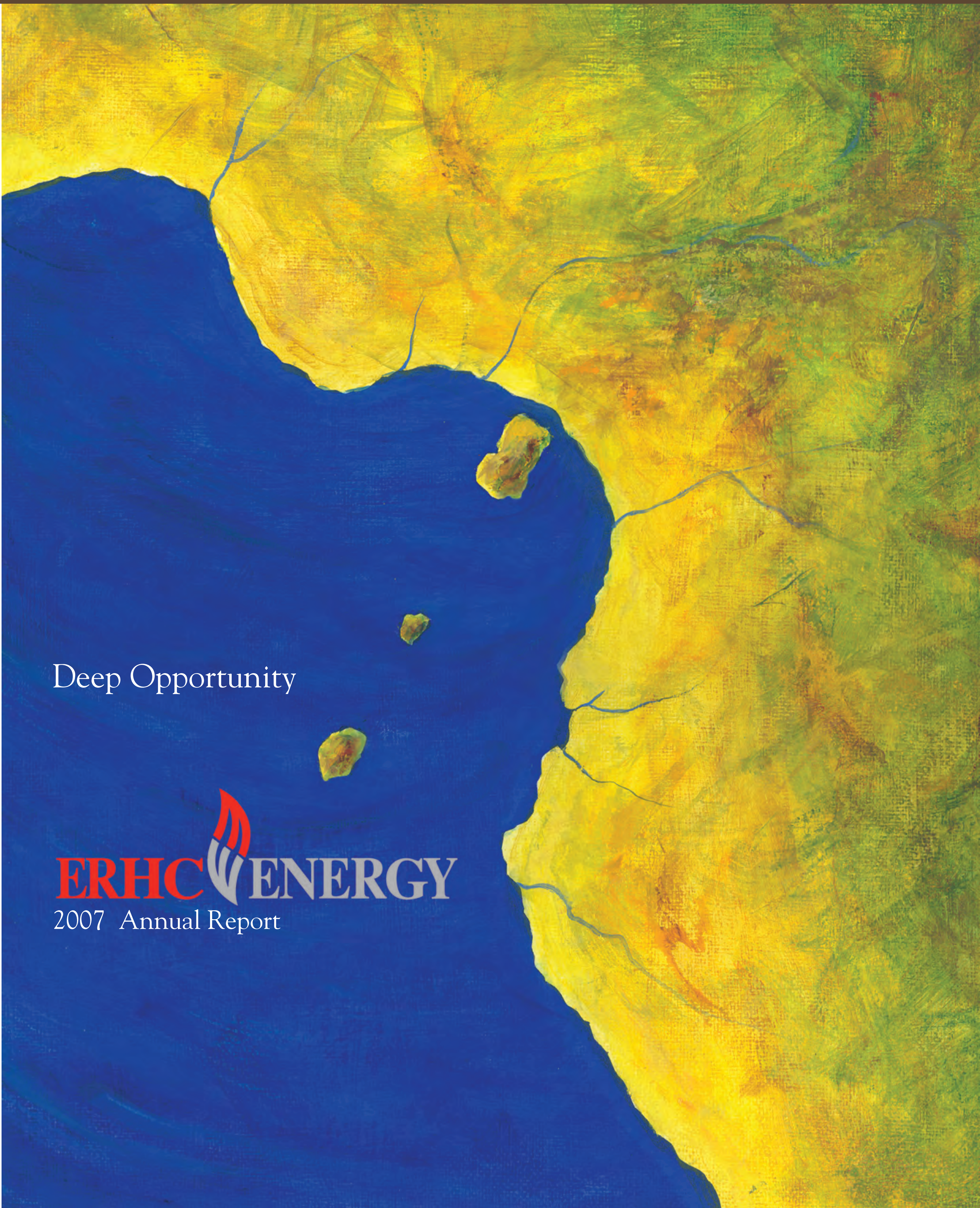


Deep Opportunity

ERHC ENERGY

2007 Annual Report

CORPORATE PROFILE

ERHC Energy Inc. (OTCBB: ERHE.OB) is a Houston-based independent oil and gas company focused on growth through high–impact exploration in the highly prospective Gulf of Guinea and the development of undeveloped and marginal oil and gas fields. ERHC is committed to creating and delivering significant value for its shareholders, investors, and employees.

Mission Statement

ERHC Energy's mission is sustainable and profitable growth through risk-balanced exploration, cost efficient development and high margin production.

Visit www.erhc.com for more information.

LETTER TO OUR SHAREHOLDERS

ERHC Energy: Bringing Our Vision to Life

After years of preparation, the start of exploration of ERHC Energy's assets in the Gulf of Guinea, off the coast of West Africa, is closer than ever. In recent years, this region has become a world leader in offshore deepwater exploration and production.

As those who have been following the Company for any length of time can attest, getting to this point has required vision to see the potential for hydrocarbons in previously unexplored territory and patience to allow favorable events to unfold. I believe we are now on the threshold of bringing our vision to life.

ERHC's assets in the Gulf of Guinea include interests in the deepwater Joint Development Zone (JDZ) as well as interests in the territorial waters of São Tomé and Príncipe known as the Exclusive Economic Zone (EEZ).

The JDZ is a 34,548 square km area approximately 200 km off the coastlines of Nigeria and the Democratic Republic of São Tomé & Príncipe. The São Tomé and Príncipe EEZ is an area encompassing approximately 160,000 square km.

Close proximity to the proven hydro carbon systems in the adjacent territorial waters of Nigeria, Cameroon, Equatorial Guinea and Gabon suggests the potential for hydrocarbons in the JDZ and São Tomé and Príncipe's offshore waters. In addition,

ERHC's assets in the Gulf of Guinea include interests in the deepwater as well as JDZ interests in the territorial waters of São Tomé and Príncipe known as the EEZ.

seismic data indicates widespread prospectivity throughout the region.

Despite the substantial production successes to date, especially in Nigeria, the prospectivity of West Africa, in general, and its offshore sector, in particular, is still growing rapidly. Evidence suggests that major discoveries will continue to be made in the Gulf of Guinea's deep waters, which positively contributes to the region's enviable oil-reserve renewal rate.

During the past year, ERHC Energy's management has taken significant steps, including the following, to strengthen the Company's fundamentals.

EXCELLENCE

• Reaffirmation of Our Rights – We have re-affirmed the rights to our assets in the JDZ. ERHC's originating rights in the JDZ, as well as those granted to other companies, were ratified by treaty by the governments of Nigeria and Sao Tome & Príncipe and duly recognized by the Joint Development Authority, which was set up by both governments to administer the territory. ERHC's rights in the JDZ have repeatedly been upheld.

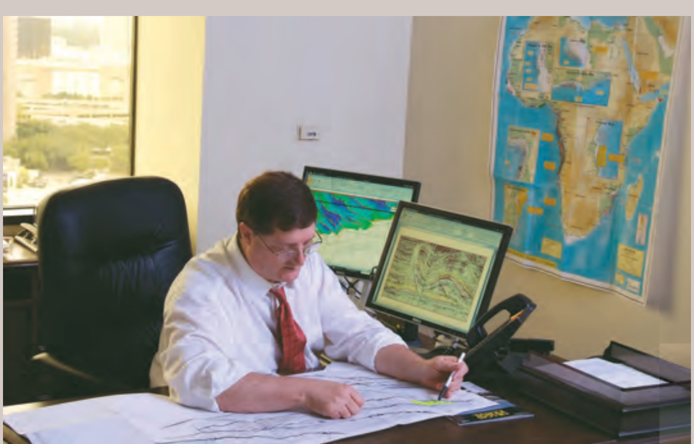
• Strengthening of Relationships in West Africa – Our relationships with the governments and people in the region remain positive and productive. We have worked during the past year to strengthen those relationships.

• Achievement of Operational Excellence – ERHC Energy is in better shape financially and operationally than in the past. At the end of our 2007 fiscal year, ERHC reported cash assets totaling $34.7 million. During the past year, we have restructured operations and implemented strict cost controls. As a result, general and administrative expenses during the fiscal year were 17 percent lower than in the previous year.

• Pursuit of Diversification Strategy – ERHC Energy has a strategy for the orderly growth of the Company by diversifying our holdings and building upon our assets in the Gulf of Guinea. The Company is carefully charting an acquisition strategy aimed at viable revenue producing properties.

• Improvement of Communication – We are committed to accelerating our public and community outreach activities in order to protect and advance ERHC's public image. Our objective is to strengthen our reputation as a company that offers vision, in-depth understanding of the regions in which we operate and innovative management approaches.

• Implementation of Community Outreach – In 2007, ERHC representatives visited an orphanage in Nigeria and the Company plans to build momentum for the initiative with a trip to São Tomé & Príncipe in 2008. Connecting with our host communities helps to showcase ERHC Energy's commitment to contributing positively to the quality of life in the communities in which we operate.



HERITAGE

Today's Focus

ERHC Energy is building on a heritage of visionary leadership to realize the value of its assets. During the past two years, ERHC has formed strong alliances with Addax Petroleum and Sinopec Corp., both of which are experienced exploration and production companies.

ERHC has signed participation agreements with Addax and Sinopec subsidiaries, which jointly plan to bring the deepwater drillship Aban Abraham to the JDZ later this year. Sinopec is the operator of JDZ Block 2 and Addax is the operator of JDZ Block 4. Exploratory drilling may begin in JDZ Block 4 before the end of 2008. Anadarko, the operator of JDZ Block 3, has not yet indicated a possible timeline for exploration to commence.

The engineering teams are making progress in pinpointing where and how to drill in each of the JDZ Blocks to achieve the greatest likelihood of success. Addax and Sinopec have announced that they have five firm well slots in JDZ Blocks 2 and 4.

Gulf of Guinea Prospectivity

The Gulf of Guinea is expected to occupy a more important place in U.S., European and Asian energy strategies as they seek to diversify their sources of energy supply in order to reduce the risks associated with dependence on any one region.

The International Monetary Fund's Working Paper, "Emergence of the Gulf of Guinea in the Global Economy: Prospects and Challenges," pointed to several advantages in the region, including:

- The region's oil contains little sulfur by international standards.
- Oil in the region is mostly extracted from offshore fields, far from political instability and wars, and as such, can be easily protected from turmoil.
- The region boasts relatively easy shipping, lower transportation costs and fewer environmental hazards.

ERHC was among the first to identify the possibility for significant oil reserves in what was once an undeveloped oil region of the world.

STRENGTH

Drilling at water depths found in the Gulf of Guinea – 6,000 feet or more – requires leading edge technologies. Instead of conventional platforms that rest on the ocean floor, operators will use specially designed and outfitted deepwater drillships that require custom-built equipment.

As a Company with interests in several blocks in the JDZ, we are helping to share knowledge among the operators of all the Blocks to minimize mistakes and maximize success. We are happy to report that the consortium has brought a collaborative mindset to their activities regarding exploration in the JDZ.

The path toward exploration has neither been quick nor easy but the Company remains strengthened by the patience, conviction and commitment of the ERHC family.

On behalf of the Board, management and employees of ERHC Energy, I thank you for your continued support.

Sincerely,
Nicolae Luca
Acting Chief Executive Officer

The path toward exploration has neither been quick nor easy but the Company remains strengthened by the patience, conviction and commitment of the ERHC family.

Summary

ERHC Energy Inc. is a visionary independent oil and gas company that sees opportunities before others and relishes the challenge of bringing its vision to life.

To date, the Gulf of Guinea, off the coast of West Africa, has been ERHC Energy's primary focus. Specifically, the Company's consortium partners, Addax Petroleum and Sinopec Corp., are preparing to begin exploration activities in two blocks of the Joint Development Zone (JDZ) between Nigeria and the Democratic Republic of São Tomé & Príncipe.

This area had been at the center of a maritime border dispute between the two governments. Both countries established the JDZ in 2001 and an administrative body, the Joint Development Authority, to administer it.

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **Annual Report under Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended September 30, 2007

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period ended: __________________

Commission file number: 000-17325

ERHC ENERGY

(Exact name of registrant as specified in its charter)

Colorado (State or Other Jurisdiction of Incorporation or Organization)	88-0218499 (I.R.S. Employer Identification No.)
5444 Westheimer Road, Suite 1440, Houston, Texas (Address of Principal Executive Office)	77056 (Zip Code)

713-626-4700
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: common stock

Check if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Check if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Check if the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Check if the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer.
Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐

Check if the registrant is a shell company. Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant on March 31, 2007 was $144,547,630.

On November 30, 2007, the registrant had 721,938,550 shares of common stock issued and outstanding.

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Forward-Looking Statements

ERHC Energy Inc. (the "Company") or its representatives may, from time to time, make or incorporate by reference certain written or oral statements that are "forward-looking statements." All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain or be identified by the words "expect," "intend," "plan," "predict," "anticipate," "estimate," "believe," "should," "could," "may," "might," "will," "will be," "will continue," "will likely result," "project," "forecast," "budget" and similar expressions. Statements made by the Company in this report that contain forward-looking statements include, but are not limited to, information concerning the Company's possible or assumed future business activities and results of operations and statements about the following subjects:

- business strategy;
- growth opportunities;
- future development of concessions, exploitation of assets and other business operations;
- future market conditions and the effect of such conditions on the Company's future activities or results of operations;
- future uses of and requirements for financial resources;
- interest rate and foreign exchange risk;
- future contractual obligations;
- outcomes of legal proceedings including, without limitation, the ongoing investigations of the Company;
- future operations outside the United States;
- competitive position;
- expected financial position;
- future cash flows;
- future liquidity and sufficiency of capital resources;
- future dividends;
- financing plans;
- tax planning;
- budgets for capital and other expenditures;
- plans and objectives of management;
- compliance with applicable laws; and
- adequacy of insurance or indemnification.

These types of statements and other forward-looking statements inherently are subject to a variety of assumptions, risks and uncertainties that could cause actual results, levels of activity, performance or achievements to differ materially from those expected, projected or expressed in forward-looking statements. These risks and uncertainties include, among others, the following:

- general economic and business conditions;
- worldwide demand for oil and natural gas;
- changes in foreign and domestic oil and gas exploration, development and production activity;
- oil and natural gas price fluctuations and related market expectations;
- termination, renegotiation or modification of existing contracts;
- the ability of the Organization of Petroleum Exporting Countries, commonly called OPEC, to set and maintain production levels and pricing, and the level of production in non-OPEC countries;
- policies of the various governments regarding exploration and development of oil and gas reserves;
- advances in exploration and development technology;
- the political environment of oil-producing regions;
- political instability in the Democratic Republic of Sao Tome and Principe and the Federal Republic of Nigeria;
  casualty losses;
- competition;
- changes in foreign, political, social and economic conditions;
- risks of international operations, compliance with foreign laws and taxation policies and expropriation or nationalization of equipment and assets;
- risks of potential contractual liabilities;
- foreign exchange and currency fluctuations and regulations, and the inability to repatriate income or capital;
- risks of war, military operations, other armed hostilities, terrorist acts and embargoes;
- regulatory initiatives and compliance with governmental regulations;

- compliance with environmental laws and regulations;
- compliance with tax laws and regulations;
- customer preferences;
- effects of litigation and governmental proceedings;
- cost, availability and adequacy of insurance;
- adequacy of the Company's sources of liquidity;
- labor conditions and the availability of qualified personnel; and
- various other matters, many of which are beyond the Company's control.

The risks and uncertainties included here are not exhaustive. Other sections of this report and the Company's other filings with the U.S. Securities and Exchange Commission ("SEC") include additional factors that could adversely affect the Company's business, results of operations and financial performance. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements. Forward-looking statements included in this report speak only as of the date of this report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations with regard to the statement or any change in events, conditions or circumstances on which any forward-looking statement is based.

PART I

Item 1. Business

Overview

ERHC Energy Inc., a Colorado corporation, ("ERHC" or the "Company") is an independent oil and gas company formed in 1986. The Company was engaged in a variety of businesses until 1996, when it began its current operations. The Company's goal is to maximize its value through exploration and exploitation of oil and gas reserves in the Gulf of Guinea offshore of central West Africa. The Company's current focus is to exploit its assets, which are rights to working interests in exploration acreage in the Joint Development Zone ("JDZ") between the Democratic Republic of Sao Tome and Principe ("DRSTP or "Tome") and the Federal Republic of Nigeria ("FRN or "Nigeria") and in the exclusive territorial waters of Sao Tome (the "Exclusive Economic Zone" or "EEZ"). The Company has formed relationships with upstream oil and gas companies to assist the Company in exploiting its assets in the JDZ. The Company currently has no other operations but is exploring opportunities in other areas of the energy industry with emphasis on supply and trading.

Current Business Operations

In April 2003, the Company and the DRSTP entered into an Option Agreement (the "2003 Option Agreement") in which the Company relinquished certain financial interests in the JDZ in exchange for exploration rights in the JDZ. The Company additionally entered into an administration agreement with the Nigeria-Sao Tome and Principe Joint Development Authority ("JDA"). The administration agreement is the formal agreement by the JDA that it will fully implement ERHC's preferential rights to working interests in the JDZ acreage as set forth in the 2003 Option Agreement and describes certain procedures regarding the exercising of these rights. However, ERHC retained under a previous agreement the following rights to participate in exploration and production activities in the EEZ subject to certain restrictions: (a) the right to receive up to two blocks of ERHC's choice and (b) the option to acquire up to a 15% paid working interest in up to two blocks of ERHC's choice in the EEZ. The Company would be responsible for its proportionate share of exploration and exploitation costs in the EEZ blocks.

This exercise of the Company's rights was subject to the condition that if no license is awarded or a license is awarded and subsequently withdrawn by the JDA prior to the commencement of operations, ERHC will be entitled to receive its working interest in that block in a future license awarded for that block.

On April 28, 2005, ERHC and its then consortium partner Noble Energy International, Ltd. ("Noble") entered into a Memorandum of Understanding with Godsonic Oil Company Limited ("Godsonic"), an independent bidder for interest in Block 4. The Memorandum of Understanding stated that if ERHC and Noble ("ERHC/Noble") received less than a 26% bid-interest award in Block 4 in the Nigeria and Sao Tome and Principe JDZ from the JDA established pursuant to the Treaty between FRN and the DRSTP, Godsonic would transfer whatever Godsonic received in Block 4 to ERHC/Noble; on the other hand, if ERHC/Noble received more than a 26% bid-interest award in Block 4 from the JDA, ERHC/Noble would transfer the excess over 26% to Godsonic. In June 2005, the JDA awarded ERHC and its then consortium partner Noble a 35% bid interest in Block 4 of the JDZ, in addition to the option interest of 25% which ERHC had exercised in the Block. In October 2005, Noble withdrew from participation in Block 4 and Addax Petroleum (Nigeria Offshore 2) Limited ("Addax") replaced Noble as ERHC's consortium partner. By a Letter Agreement dated October 24, 2005 (the "Letter Agreement"), ERHC and Addax undertook to transfer a 9% interest of the 35% bid interest to Godsonic subject to Godsonic meeting financial and other conditions.

In November 2005, ERHC and Addax entered into a Participation Agreement dated November 17, 2005 (the "Participation Agreement") whereby ERHC undertook to assign a 42.3% interest (the "Assigned Interest") in Block 4 to Addax. Under the Participation Agreement, ERHC's "Retained Interest" would be 17.7% in Block 4. The Participation Agreement stated Addax's cash payment obligations to ERHC would be $18 million, which was paid in February and March 2006. Pursuant to the Participation Agreement between ERHC and Addax, as amended, Addax will serve as operator and pay all of ERHC's future costs in respect of all petroleum operations in Block 4. Addax is entitled to 100% of ERHC's share of oil production until Addax recovers ERHC's costs.

Pursuant to an Amendment to the Participation Agreement dated February 23, 2006, ERHC and Addax amended the Participation Agreement so that the Assigned Interest to Addax would be changed to 33.3% while ERHC's Retained Interest would remain at 17.7%. By a second Amendment to the Participation Agreement, entered into on March 14, 2006, ERHC and Addax further amended the Participation Agreement so that the "Assigned Interest" would be 33.3% and ERHC's "participating interest" would be 26.7%.

On March 15, 2006, an agreement to assign 9% in Block 4 from ERHC to Godsonic was entered into between ERHC/Addax and Godsonic subject to Godsonic meeting stipulated financial and other conditions. Pursuant to a third Amendment to the Participation Agreement entered into on April 11, 2006, ERHC and Addax provisionally agreed that if Godsonic did not meet the financial and other conditions as stipulated in the Letter Agreement on the 9% interest to be transferred to Godsonic and was foreclosed from all claims to the 9% interest, ERHC would transfer 7.2% out of the 9% interest to Addax so that Addax's participating interest would be 40.5% in aggregate and ERHC's participating interest would be 19.5% in aggregate.

In July 2007, ERHC acted on behalf of the ERHC/Addax consortium in JDZ Block 4 to reclaim Godsonic's 9% share because Godsonic failed to meet certain obligations. Addax claims entitlement under the existing agreements to 7.2% out of the recovered 9%, leaving 1.8% remaining with ERHC. If finalized, this would increase ERHC's share of JDZ Block 4 from 17.7% to 19.5%. ERHC and Addax are currently in arbitration, under amicable conditions, to resolve whether or not additional consideration is due to ERHC from Addax for the 7.2% claim by Addax under the terms of the existing agreements. The parties are also exploring mediation as an alternative to seeing arbitration to conclusion.

In February 2006, ERHC sold a 15% participating interest in Block 3 of the JDZ to Addax Petroleum Resources Nigeria Limited ("Addax Sub") leaving a 10% participating interest in Block 3 to ERHC. In exchange, Addax Sub paid ERHC $7.5 million in the second quarter of fiscal 2006. Under the participation agreement between ERHC and Addax Sub, Addax Sub agreed to pay all of ERHC's future costs in respect of petroleum operations in Block 3. Addax Sub is entitled to 100% of ERHC's allocation of cost plus up to 50% of ERHC's allocation of profit until Addax Sub recovers 100% of ERHC's costs.

In March 2006, ERHC sold a 28.67% participating interest in Block 2 of the JDZ to Sinopec International Petroleum Exploration and Production Corporation Nigeria ("Sinopec"), and a 14.33% participating interest in Block 2 of the JDZ to Addax Energy Nigeria Limited ("Addax Ltd.") leaving a 22% participating interest in Block 2 to the Company. In exchange, Sinopec paid ERHC $13.6 million and Addax Ltd. paid ERHC $6.8 million in the second quarter of fiscal 2006. Under the participation agreement among ERHC, Sinopec and Addax Ltd., Sinopec will serve as operator, and Sinopec and Addax Ltd. will pay all of ERHC's future costs in respect of petroleum operations in Block 2. Sinopec and Addax Ltd. are entitled to 100% of ERHC's allocation of cost plus up to 50% of ERHC's allocation of profit until they recover 100% of ERHC's costs and Sinopec is to receive 6% interest on its future costs, up to $35 million, but only to the extent that those interest costs are covered by production.

Related to the sale of the participating interest in Block 2 to Sinopec, ERHC agreed to pay a $3 million cash success fee ($1.5 million was paid in March 2006 and the remaining $1.5 million was paid in March 2007) to Feltang International Inc., a British Virgin Island company ("Feltang") that was responsible to ERHC for obtaining Sinopec's participation in Block 2. ERHC also will issue to Feltang 5,250,000 shares of common stock and warrants to purchase 6,500,000 shares at a fixed exercise price of $0.355 per share. The common stock was valued at $4,803,750 based on the quoted market value of the common stock on the date Sinopec signed the production sharing agreement.

Our business strategy is to enter into agreements to exploit the Company's interests in Blocks 5, 6 and 9 also. Additionally, the Company intends to exploit its rights in the EEZ.

The following chart represents ERHC's current rights in the JDZ blocks.

JDZ Block #	ERHC Original Participating Interest (1)	ERHC Joint Bid Participating Interest	Participating Interest(s) Sold	Current ERHC Retained Participating Interest
2	30%	35%	43% (2)	22%
3	20%	5%	15% (3)	10%
4	25%	35%	33.3% (4)	26.7% (6)
5	15%	(5)	(5)	(5)
6	15%	(5)	(5)	(5)
9	20%	(5)	(5)	(5)

(1) Original Participating Interest granted pursuant to the Option Agreement, dated April 2, 2003, between DRSTP and ERHC (the "2003 Option Agreement").

(2) In March 2006, ERHC sold an aggregate 28.67% participating interest to Sinopec and an aggregate 14.33% participating interest to Addax Ltd.

(3) In February 2006, ERHC sold a 15% participating interest to Addax Sub.

(4) By a Participation Agreement made in November 2005 and subsequently amended, ERHC sold 33.3% participating interest to Addax.

(5) No contracts have been entered into as of the date hereof.

(6) Includes the 9% reclaimed from Godsonic by ERHC on behalf of the ERHC/Addax consortium following Godsonic's inability to fulfill financial and other conditions upon which the 9% was to have been assigned to Godsonic. Pursuant to the Amendment to the Participation Agreement made on April 11, 2006, the 9% is subject to distribution between Addax (7.2%) and ERHC (1.8%), if agreement is reached between the parties on the amount payable by Addax to ERHC for said interest.

Government Regulation

In the event the Company begins activities relating to the exploration and exploitation of hydrocarbons, it will be required to make the necessary expenditures to comply with the applicable health and safety, environmental and other regulations.

The oil and gas industry is subject to various types of regulation throughout the world. Legislation affecting the oil and gas industry has been pervasive and is under constant review for amendment or expansion. Pursuant to such legislation, numerous government agencies have issued extensive laws and regulations binding on the oil and gas industry and companies engaged in this industry, some of which carry substantial penalties for failure to comply. Such laws and regulations have a significant impact on oil and gas exploration, production and marketing and midstream activities. These laws and regulations increase the cost of doing business and, consequently, will affect results of operations. Inasmuch as new legislation affecting the oil and gas industry is commonplace and existing laws and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws and regulations. However, the Company does not expect that any of these laws and regulations will affect its operations in a manner materially different than they would affect other oil and gas companies of similar size.

Competition

Strong competition exists in all sectors of the oil and gas industry. ERHC competes with other independent oil and gas companies for equipment and personnel required to explore, develop and operate properties. Competition is also prevalent in the marketing of oil, gas and natural gas liquids. Higher recent commodity prices have increased the costs of properties available for acquisition, and there are a greater number of companies with the financial resources to pursue acquisition opportunities. Certain of the Company's competitors have financial and other resources substantially larger than ours, and they have also established strategic long-term positions and maintain strong governmental relationships in countries in which the Company may seek new entry. As a consequence, ERHC may be at a competitive disadvantage in bidding for drilling rights. In addition, many of the Company's larger competitors may have a competitive advantage when responding to factors that affect demand for oil and natural gas production, such as changing worldwide prices and levels of production, the cost and availability of alternative fuels and the application of government regulations.

Employees

As of September 30, 2007, the Company had five (5) full-time employees and a consultant who serves as the Corporate Secretary.

Availability of Information

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission ("SEC") under the Securities Act of 1934. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at http://www.sec.gov.

We also make available, free of charge on or through our Internet website (http://www.erhc.com), our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Item 1A. Risk Factors

You should carefully consider the risks described below before making any investment decision related to the Company's securities. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties not presently known or that the Company currently deems immaterial also may impair its business operations. If any of the following risks actually occur, the Company's business could be harmed.

The Company has no sources of revenue and a history of losses from operations

The Company's business is in an early stage of development. The Company has not generated any operating revenue since its entry into the oil and gas business and has incurred significant operating losses. The Company has incurred net operating losses of $4,976,765 in fiscal 2007 and $43,118,918 since inception. The Company had net losses of $1,756,904 in fiscal 2007. The Company had net income of $23,171,536 in fiscal 2006, primarily as a result of entering into production sharing agreements under which it sold various participatory interests. The Company had net losses of $11,270,478 in fiscal 2005, and $57,993,079 since inception. The Company expects to incur additional operating losses for the foreseeable future.

The Company has a limited operating history in the oil and gas business

The Company's operations to date have consisted solely of acquiring rights to working interests in the JDZ and EEZ and entering into production sharing contracts. The Company will not be the operator with respect to these contracts. The Company's future financial results depend primarily on (1) the ability of the Company's venture partners to provide or obtain sufficient financing to meet their financial commitments in the production sharing contracts, (2) the ability to discover commercial quantities of oil and gas, and (3) the market price for oil and gas. Management cannot predict that the production sharing contracts will result in wells being drilled or if drilled, whether oil and/or gas will be discovered in commercial quantities.

Financing will be needed to fund the financial commitments of the production sharing contracts

While the Company is not required to fund any financial commitments pursuant to the production sharing contracts, project financing will be required to fund exploration activities. Failure of our venture partners to provide or obtain the necessary financing will preclude the commencement of exploration activities.

The Company may not discover commercially productive reserves in the JDZ or EEZ

The Company's future success depends on its ability to economically locate oil and gas reserves in commercial quantities in the JDZ and EEZ. There can be no assurance that the Company's planned projects in the JDZ or EEZ will result in significant, if any, reserves or that the Company will have future success in drilling productive wells.

The Company's non-operator status limits its control over its oil and gas projects in the JDZ or EEZ

The Company will focus primarily on creating exploration opportunities and forming relationships with oil and gas companies to develop those opportunities in the JDZ or EEZ. As a result, the Company will have only a limited ability to exercise control over a significant portion of a project's operations or the associated costs of those operations in the JDZ or EEZ. The success of a future project is dependent upon a number of factors that are outside the Company's areas of control. These factors include:

- the availability of future capital resources to the Company and the other participants to be used for drilling wells;
- the approval of other participants for the drilling of wells on the projects;
- the economic conditions at the time of drilling, including the prevailing and anticipated prices for oil and gas; and
- the availability of deep water drilling rigs.

The Company's reliance on other project participants and its limited ability to directly control future project costs could have a material adverse effect on its future expected rates of return.

The Company's success depends on its ability to exploit its limited assets

The Company's primary assets are rights to working interests in exploration acreage in the JDZ and EEZ under agreements with the JDA and DRSTP. The Company's operations have been limited to sustaining and managing its rights under these agreements. The Company's success depends on its ability to exploit these assets, of which there is no assurance that it will be successful.

The Company's competition includes oil and gas conglomerates that have significant advantages over it

The oil and gas industry is highly competitive. Many companies and individuals are engaged in exploring for crude oil and natural gas and acquiring crude oil and natural gas properties, resulting in a high degree of competition for desirable exploratory and producing properties. The companies with which the Company competes are much larger and have greater financial resources than the Company.

Various factors beyond the Company's control will affect prices of oil and gas

The availability of a ready market for the Company's future crude oil and natural gas production depends on numerous factors beyond its control, including the level of consumer demand, the extent of worldwide crude oil and natural gas production, the costs and availability of alternative fuels, the costs and proximity of transportation facilities, regulation by authorities and the costs of complying with applicable environmental regulations.

The Company's Business Interests Are Located Outside of the United States Which Subjects It to Risks Associated with International Activities.

At September 30, 2007, the Company's major assets were located outside the United States. Apart from cash maintained in United States' financial institutions, the Company's primary assets are agreements with DRSTP and the JDA, which provide the Company with rights to participate in exploration and production activities in the Gulf of Guinea off the coast of central West Africa. This geographic area of interest is controlled by foreign governments that have historically experienced volatility, which is out of management's control. The Company's ability to exploit its interests in this area pursuant to such agreements may be adversely impacted by this circumstance.

The future success of the Company’s international operations may also be adversely affected by risks associated with international activities, including economic and labor conditions, political instability, risk of war, expropriation, termination, renegotiation or modification of existing contracts, tax laws (including host-country import-export, excise and income taxes and United States taxes on foreign subsidiaries) and changes in the value of the U.S. dollar versus the local currencies in which future oil and gas producing activities may be denominated. Changes in exchange rates may also adversely affect the Company’s future results of operations and financial condition.

In addition, to the extent the Company engages in operations and activities outside the United States, it is subject to the Foreign Corrupt Practices Act (the “FCPA”) which, among other restrictions, prohibits U.S. companies and their intermediaries from making corrupt payments to foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and requires companies to maintain adequate record-keeping and internal accounting practices to accurately reflect their financial and other transactions with foreign officials. The FCPA applies to companies, individual directors, officers, employees and agents. The FCPA also applies to foreign companies and persons taking any act in furtherance of such corrupt payments while in the United States. Under the FCPA, U.S. companies may also be held liable for actions taken by strategic or local partners or representatives.

The FCPA imposes civil and criminal penalties for violations of its provisions. Civil penalties may include fines of up to $500,000 per violation, and equitable remedies such as disgorgement of profits causally connected to the violation (including prejudgment interest on such profits) and injunctive relief. Criminal penalties for violations of the corrupt payments provisions could range up to the greater of $2 million per violation or twice the gross pecuniary gain sought by making the payment, and/or incarceration for up to 5 years per violation. Moreover, if a director, officer or employee of a company is found to have willfully violated the FCPA books and records provisions, the maximum penalty would be imprisonment for 20 years per violation. Maximum fines of up to $25 million also may be imposed for willful violations of the books and records provisions by a company.

The SEC and/or the Department of Justice (“DOJ”) could assert that there have been multiple violations of the FCPA, which could lead to multiple fines. The amount of any fines or monetary penalties which could be assessed would depend on, among other factors, findings regarding the amount, timing, nature and scope of any improper payments, whether any such payments were authorized by or made with knowledge of ERHC or its affiliates, the amount of gross pecuniary gain or loss involved, and the level of cooperation provided to the government authorities during the investigations. Negotiated dispositions of these types of violations also frequently result in an acknowledgement of wrongdoing by the entity and the appointment of a monitor on terms agreed upon with the SEC and DOJ to review and monitor current and future business practices, including the retention of agents, with the goal of assuring future FCPA compliance. Other potential consequences could be significant and include suspension or debarment of ERHC’s ability to contract with governmental agencies of the United States and of foreign countries. Any determination that ERHC has violated the FCPA could result in sanctions that could have a material adverse effect on the Company’s business, prospects, operations, financial condition and cash flow.

The Company is under investigation by the SEC, the DOJ and a U.S. Senate Subcommittee, and the results of these investigations could have a material adverse effect on its business, prospects, operations, financial condition and cash flow.

On May 4, 2006, a search warrant issued by the U.S. District Court of the Southern District of Texas, Houston Division, was executed on ERHC seeking various records including, among others, documents, if any, related to correspondence with foreign governmental officials or entities in Sгo Томй and Nigeria. The search warrant cited, among other things, possible violations of the FCPA, Section 10(b) of the Exchange Act, Rule 10b-5 under the Exchange Act and criminal conspiracy and wire fraud statutes. ERHC filed suit in federal district court in Texas in June 2006 seeking to protect the Company’s attorney-client privileged documents and to allow its counsel to determine the factual basis for the DOJ’s search warrant affidavit, which is currently under seal.

A related SEC subpoena was issued on May 9, 2006, and a second related subpoena issued on August 29, 2006. The subpoenas request from ERHC a range of documents including all documents related to correspondence with foreign governmental officials or entities in Sao Tome and Nigeria, personnel records (specifically, those regarding the Company’s former Chief Financial Officer, Franklin Ihekwoaba) and other corporate records. The Company has been actively responding to both subpoenas.

On July 5, 2007, the U.S. Senate Committee on Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations served ERHC with a subpoena, in connection with its review of matters relating to the potential abuse of payments made to foreign governments. The subpoena, as amended on July 18, 2007, seeks documents and information regarding ERHC's activities, particularly those related to the acquisition of ERHC's interests in the Gulf of Guinea. ERHC's attorneys, Akin Gump Strauss Hauer & Feld LLP, are assisting ERHC in responding to the subpoena. Please see "Legal Proceedings" for more information.

The investigations by the DOJ, SEC and Senate Subcommittee are continuing. The Company anticipates that these investigations will be lengthy and do not expect these investigations to be concluded in the immediate future. If violations are found, the Company may be subject to criminal, civil and/or administrative sanctions, including substantial fines, and the resolution or disposition of these matters could have a material adverse effect on its business, prospects, operations, financial condition and cash flow.

These investigations could also result in:

- third party claims against us, which may include claims for special, indirect, derivative or consequential damages;
- damage to our business, operations and reputation;
- loss of, or adverse effect on, cash flow, assets, goodwill, operations and financial condition, business, prospects, profits or business value;
- adverse consequences on our ability to obtain or continue financing for current or future projects; and/or
- claims by directors, officers, employees, affiliates, advisors, attorneys, agents, debt holders or other interest holders or constituents of ERHC.

Continuing negative publicity arising out of these investigations could also adversely affect our business and prospects in the commercial marketplace. In addition, these investigations have resulted in increased expenses to ERHC, including substantial legal fees and the diversion of management's attention from its operations and other activities. If the Company incurs costs or losses as a result of these matters, it may not have the liquidity or funds to address those costs or losses, in which case such costs or losses could have a material adverse effect on its business, prospects, operations, financial condition and cash flow.

The Company's results of operations are susceptible to general economic conditions

The Company's revenues and results of operations will be subject to fluctuations based upon the general economic conditions both in the United States and internationally. If there were to be a general economic downturn or a recession in the oil and gas industry, the Company's future revenues, the value of its oil and natural gas exploration concession, as well as its ability to exploit its assets could be materially adversely affected.

One shareholder controls approximately 43% of the Company's outstanding common stock

Chrome Oil Services ("Chrome") beneficially owns approximately 43% of the outstanding common stock. As a result, Chrome has the ability to substantially influence, and may effectively control the outcome of corporate actions that require stockholder approval, including the election of directors. This concentration of ownership may have the effect of delaying or preventing a future change in control of the Company or a liquidity event.

The Company's stock price is highly volatile

The Company's common stock is currently traded on the Over-the-Counter Bulletin Board. The market price of the Company's common stock has experienced fluctuations that are unrelated to its operating performance. The market price of the common stock has been highly volatile over the last several years. The Company can provide no assurance that its current price will be maintained.

The Company does not currently pay dividends on its common stock and do not anticipate doing so in the future

The Company has paid no cash dividends on its common stock, and there is no assurance that the Company will achieve sufficient earnings to pay cash dividends on its common stock in the future. The Company intends to retain any earnings to fund its operations. Therefore, the Company does not anticipate paying any cash dividends on the common stock in the foreseeable future.

The Company's stock is considered a "penny stock"

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks generally are equity securities with a share price of less than $5.00. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. These disclosure requirements may have the effect of reducing the level of trading activity in any secondary market for a stock that becomes subject to the penny stock rules. The Company's common stock may be subject to the penny stock rules, and accordingly, investors in the common stock may find it difficult to sell their shares in the future, if at all.

The Company is currently under examination by the Internal Revenue Service

The Internal Revenue Service is currently examining the tax returns for the Company's 2005 and 2006 tax years. The Company anticipates that this examination should conclude in the next few months. If adjustments are found, the Company may be subject to taxes, penalties and interest and these could have a material adverse effect on its operations, financial condition and cash flow.

Item 1B. Unresolved Staff Comments

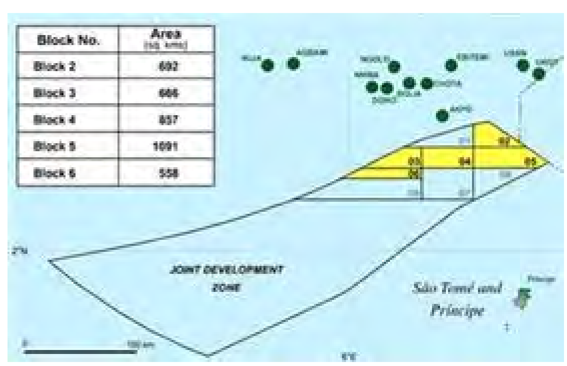
None.

Item 2. Properties

Substantially all of the Company's properties are in the form of working interest. Today, ERHC has interests in Blocks 2, 3, 4, 5, 6, and 9 in the offshore Joint Development Zone (JDZ) of Nigeria and the island nation of Sao Tome and Principe. ERHC has additional interests in the territorial waters of Sao Tome and Principe, known as the Exclusive Economic Zone (EEZ).

Joint Development Zone

ERHC has interests in six of the nine Blocks in the Joint Development Zone (JDZ), a 34,548 sq km area approximately 200 km off the coastline of Nigeria and Sao Tome and Principe that is adjacent to several large petroleum discovery areas. ERHC's rights in the JDZ include:



- JDZ Block 2: 22.0%
- JDZ Block 3: 10.0%
- JDZ Block 4: 26.7%
- JDZ Block 5: 15.0%
- JDZ Block 6: 15.0%
- JDZ Block 9: 20.0%

Sao Tome and Exclusive Economic Zone

The government of Sao Tome and Principe awarded ERHC rights to participate in exploration and production activities in Sao Tome and Principe's Exclusive Economic Zone (EEZ). ERHC's rights include the following:

- The right to receive up to two blocks of ERHC's choice; and
- The option to acquire up to a 15% paid working interest in another two blocks of ERHC's choice.

ERHC would be responsible for its proportionate share of exploration and exploitation costs in the EEZ blocks.

The EEZ describes territorial waters of Sao Tome that encompasses an area of approximately 160,000 square km. It is measured from claimed archipelagic baselines — territorial sea: 12 nautical miles, exclusive economic zone: 200 nautical miles. It is the largest in the Gulf of Guinea.

The Company's corporate office is located at 5444 Westheimer Road, Suite 1440, Houston, Texas 77056 pursuant to a lease that expires in December 2011.

Item 3. Legal Proceedings

Subpoenas. On May 4, 2006, a Federal court search warrant initiated by DOJ was executed on the Company. The DOJ sought various records including, among other matters, documents, if any, related to correspondence with foreign governmental officials or entities in Sao Tome and Nigeria. Related SEC subpoenas issued on May 9, 2006 and August 29, 2006 also requested a range of documents. ERHC continues to interface with both the DOJ and SEC investigators to respond to the SEC subpoenas and any additional requests for information from the DOJ or SEC. ERHC's attorneys, Akin Gump Strauss Hauer & Feld LLP, are assisting ERHC in responding to the subpoena

On July 5, 2007, the U.S. Senate Committee on Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations served ERHC with a subpoena in connection with its review of matters relating to the potential abuse of payments made to foreign governments. The subpoena, as amended on July 18, 2007, seeks documents and information regarding ERHC's activities, particularly those related to the acquisition of ERHC's interests in the Gulf of Guinea. ERHC's attorneys, Akin Gump Strauss Hauer & Feld LLP, are assisting ERHC in responding to the subpoena.

Godsonic Negotiations. In July 2007, ERHC and Godsonic commenced negotiations to have Godsonic relinquish all of its claims to a 9% interest in Block 4. The parties reached a settlement in August 2007 which resulted in Godsonic's relinquishment of all claims to the 9% interest in Block 4.

ERHC/Addax Arbitration. Addax, our consortium partner in JDZ Block 4, claims entitlement under our existing agreements to 7.2% out of the recovered 9% interest in Block 4, leaving 1.8% remaining with ERHC. ERHC disputes the consideration that Addax should pay to ERHC for the 7.2%. If Addax's claims are successful, ERHC's share of JDZ Block 4 will increase from 17.7% to 19.5% and Addax's share of the JDZ Block 4 will increase from 33.3% to 40.5% for no additional consideration paid to ERHC. ERHC and Addax are currently in arbitration to resolve the issue. The parties are also exploring mediation as a potential alternative.

Lakeshore Arbitration. In October 2006, Lakeshore Capital Limited ("Lakeshore") filed an arbitration claim against ERHC seeking $4,400,000 for the alleged value of 4,500,000 shares of ERHC common stock and for a warrant to purchase an additional 1,500,000 shares of common stock at an exercise price of $.20 per share, including interest and costs, as compensation for financial consultancy and related services rendered under a contract with ERHC dated May 20, 2002. The claim was resolved in mediation conducted by the American Arbitration Association by the payment by ERHC of $250,000 to Lakeshore. Pursuant to the Settlement Agreement dated May 16, 2007, the arbitration was discontinued with prejudice.

From time to time, ERHC may be subject to routine litigation, claims, or disputes in the ordinary course of business. In the opinion of management, no pending or known threatened claims, actions or proceedings against the Company are expected to have a material adverse effect on ERHC's consolidated financial position, results of operations or cash flows. ERHC intends to defend these matters vigorously; the Company cannot predict with certainty, however, the outcome or effect of any of the litigation or investigatory matters specifically described above or any other pending litigation or claims. There can be no assurance as to the ultimate outcome of these lawsuits and investigations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market and Related Information

ERHC's common stock is currently traded on the OTC Bulletin Board under the symbol "ERHE." The market for the Company's common stock is sporadic and highly volatile. The following table sets forth the closing sales price per share of the common stock for the past two fiscal years. These prices reflect inter-dealer prices, without retail mark-ups, markdowns or commissions, and may not necessarily represent actual transactions.

Stock Price Highs & Lows

	High	Low
	(per share)	
Fiscal Year 2006		
First Quarter	$ 0.41	$ 0.30
Second Quarter	$ 0.95	$ 0.30
Third Quarter	$ 0.92	$ 0.40
Fourth Quarter	$ 0.54	$ 0.37
Fiscal Year 2007		
First Quarter	$ 0.51	$ 0.31
Second Quarter	$ 0.48	$ 0.33
Third Quarter	$ 0.42	$ 0.24
Fourth Quarter	$ 0.34	$ 0.20

As of November 30, 2007, there were approximately 2,243 stockholders of record. The closing price of the common stock as reported on the OTC Bulletin Board on November 30, 2007 was $0.23. The Company has not paid any dividends during the last two fiscal years and does not anticipate paying any cash dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

In November 2004, the Board of Directors adopted a 2004 Compensatory Stock Option Plan pursuant to which it reserved 20,000,000 shares for issuance. This plan was approved at a special meeting of the stockholders of the Company in February 2005. Under this plan, 7,576,756 shares have been issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,000,000	$ 0.43	11,423,244
Equity compensation plans not approved by security holders	-	-	-

Recent Sales of Unregistered Securities

The Company has sold the following unregistered securities:

- During the second fiscal quarter of 2007, warrants issued in 2003, with an exercise price of $0.20, were exercised on a cashless basis, which exercise resulted in the issuance of an aggregate of 2,949,587 shares of common stock.
- During the fourth fiscal quarter of 2007, there were an aggregate of 300,000 shares of common stock due to the Company's directors for services rendered as more fully disclosed in Item 10, Directors and Executive Officers of the Registrant.

With respect to the sale of the unregistered securities referenced above, all transactions were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. No sales commissions were paid in connection with these transactions.

Issuer Purchases of Equity Securities

The Company has not repurchased any of its Common Stock.

Item 6. Selected Financial Data

The selected financial data of the Company presented below as of and for each of the five years in the period ended September 30, 2007, has been derived from the audited financial statements of the Company. The financial statements as of and for the years ended September 30, 2007, 2006 and 2005 have been audited by Malone & Bailey, PC, an independent registered public accounting firm. The financial statements as of and for the years ended September 30, 2003 and 2004 were audited by another independent registered public accounting firms. The data set forth below should be read in conjunction with the Company's financial statements, related notes thereto and Management's Discussion and Analysis of Financial Condition and Plan of Operations, contained elsewhere herein.

	For the Years Ended September 30,				
Statements of Operations Data	**2007**	**2006**	**2005**	**2004**	**2003**
Operating expenses	$ 4,976,765	$ (24,113,494)	$ 4,652,459	$ 2,085,426	$ 1,944,655
Interest expense	(1,843)	(2,099)	(1,147,248)	(1,671,759)	(1,209227)
Other Income (expense)	1,498,704	1,123,141	278,804	163,797	-
Loss on extinguishment of debt	-	-	(5,749,575)	-	-
Provision for taxes	(1,723,000)	2,063,000	-	-	-
Net income (loss)	(1,756,904)	23,171,536	(11,270,478)	(3,593,388)	(3153882)
Net income (loss) per share – basic and diluted	0.00	0.03	(0.02)	(0.01)	(0.01)
Weighted average shares of common stock outstanding	720,966,165	712,063,980	671,164,058	592,603,441	567,788,483

	As of September 30,				
Balance Sheets Data	**2007**	**2006**	**2005**	**2004**	**2003**
DRSTP Concession fee	$ 2,839,500	$ 2,839,500	$ 5,679,000	$ 5,679,000	$ 5,679,000
Total assets	39,854,641	45,878,249	6,720,210	5,728,556	5,735,744
Total liabilities	5,947,982	10,390,126	2,799,011	14,757,208	16,283,506
Shareholders' equity (deficit)	33,906,659	35,488,123	3,941,199	(9,028,652)	(10,547,762)

Item 7. Management's Discussion and Analysis of Financial Condition and Plan of Operations

Introduction

The following discussion and analysis presents management's perspective of our business, financial condition and overall performance. This information is intended to provide investors with an understanding of our past performance, current financial condition and outlook for the future. You must read the following discussion of the results of the operations and financial condition of the Company in conjunction with its financial statements, including the notes thereto included in this Form 10-K filing. The Company's historical results are not necessarily an indication of trends in operating results for any future period.

Reference is made to "Item 6. Selected Financial Data" and "Item 8. Financial Statements and Supplementary Data."

Overview of Business

ERHC reports as a development stage enterprise as there are currently no significant operations and no revenue has been generated from business activities. The Company was incorporated in 1986 as a Colorado corporation, and was engaged in a variety of businesses until 1996, when it began its current operations as an independent oil and gas Company. The Company's goal is to maximize its value through exploration and exploitation of oil and gas reserves in the Gulf of Guinea offshore of central West Africa. The Company's current focus is to exploit its primary assets, which are rights to working interests in exploration acreage in the JDZ and the EEZ. The Company has entered into production sharing agreements with upstream oil and gas companies in these JDZ Blocks to assist the Company in exploring its assets in the JDZ. The technical and operation expertise in conducting exploration operations will be provided by participating in the Company's interest oil and gas companies. The Company is also exploring opportunities in other areas of the energy industry

State of Participation Interests

The following represents ERHC's current rights in the JDZ blocks.

JDZ Block #	ERHC Original Participating Interest (1)	ERHC Joint Bid Participating Interest	Participating Interest(s) Sold	Current ERHC Retained Participating Interest
2	30%	35%	43% (2)	22%
3	20%	5%	15% (3)	10%
4	25%	35%	33.3% (4)	26.7% (6)
5	15%	(5)	(5)	(5)
6	15%	(5)	(5)	(5)
9	20%	(5)	(5)	(5)

(1) Original Participating Interest granted pursuant to the Option Agreement, dated April 2, 2003, between DRSTP and ERHC (the "2003 Option Agreement").

(2) In March 2006, ERHC sold an aggregate 28.67% participating interest to Sinopec and an aggregate 14.33% participating interest to Addax Ltd.

(3) In February 2006, ERHC sold a 15% participating interest to Addax Sub.

(4) By a Participation Agreement made in November 2005 and subsequently amended, ERHC sold 33.3% participating interest to Addax.

(5) No contracts have been entered into as of the date hereof.

(6) Includes the 9% reclaimed from Godsonic by ERHC on behalf of the ERHC/Addax consortium following Godsonic's inability to fulfill financial and other conditions upon which the 9% was to have been assigned to Godsonic. Pursuant to the Amendment to the Participation Agreement made on April 11, 2006, the 9% is subject to distribution between Addax (7.2%) and ERHC (1.8%), if agreement is reached between the parties on the amount payable by Addax to ERHC for said interest.

Critical Accounting Policies

The Company has identified the policies below as critical to its business operations and the understanding of its results of operations. The impact and any associated risks related to these policies on the Company's business operations are discussed throughout this section where such policies affect the Company's reported and expected financial results. Management's preparation of this Annual Report on Form 10-K requires it to make estimates and assumptions that affect the reported amount of assets and liabilities, and that effect the disclosure of contingent assets and liabilities. There is no assurance that actual results will not differ from those estimates and assumptions.

Concentration of Risks

The Company's current focus is to exploit assets consisting of agreements with the DRSTP concerning oil and gas exploration in EEZ and with the JDA concerning oil and gas exploration in the JDZ. The Company has formed relationships with other oil and gas companies with the technical and financial capabilities to assist the Company in leveraging its interests in the EEZ and the JDZ. The Company currently has no other operations.

Asset Retirement Obligation

ERHC's asset retirement obligation relates to the plugging and abandonment of certain oil and gas properties in Wichita Falls, Texas. The provisions of SFAS No. 143 require the fair value of a liability for an asset retirement obligation to be recorded and a corresponding increase in the carrying amount of the associated asset. The cost of the tangible asset, including the initially recognized asset retirement cost is depleted over the useful life of the asset. If the fair value of the estimated asset retirement obligation changes, an adjustment is recorded to the retirement obligation and the asset retirement cost. The offsetting ARO liability is recorded at fair value, and accretion expense recognized as the discounted liability is accreted to its expected settlement value. The fair value of the ARO asset and liability is measured using expected future cash out flows discounted at the Company's credit adjusted risk free interest rate. These oil and gas properties were abandoned and written off during the year ended September 30, 1999 and the current liability is fully accreted and represents management's best estimate of the fair value of the outstanding obligation.

Impairment of Long-lived Assets

ERHC evaluates the recoverability of long-lived assets when events and circumstances indicate that such assets might be impaired. ERHC determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Impairments are charged to operations in the period to which events and circumstances indicate that such assets might be impaired. ERHC has evaluated its investment in its DRSTP concession fee in light of its 2003 Option Agreement (see Note 4) and there have been no events or circumstances that would indicate that such asset might be impaired.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. This statement is effective for us beginning the first quarter of fiscal 2008. The Company is currently assessing the potential impact that adoption of SFAS No. 157 would have on its financial statements.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109" ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement classification, accounting for interest and penalties and accounting in interim periods and disclosure. The provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. The Company is currently assessing the potential impact that adoption of FIN No. 48 would have on its financial statements.

Former Operations - Asset Retirement Obligation

The Company has accrued $485,000 as a liability on the balance sheet relating to the estimated costs on plugging and abandonment of certain oil and gas properties in Wichita Falls, Texas. The Company acquired a lease in oil fields located in Wichita County, Texas, which was subsequently assigned to a former shareholder. However, in connection with the lease in Wichita County, the Company may remain liable for certain plugging and abandonment costs, estimated to be approximately $485,000. The Company uses SFAS No. 143 to account for this obligation. These properties were abandoned and written off during the year ended September 30, 1999 and the Company believes the current liability is fully accreted and represents management's best estimate of the fair value of the outstanding obligation.

Management reviews this accrual quarterly for any adjustments necessary. There has been no activity related to this liability in several years, however, management believes that the accrual is appropriate and conservative at this time.

Results of Operations

Year ended September 30, 2007 Compared to Year Ended September 30, 2006

During fiscal 2007, the Company had general and administrative expenses of $4,954,848 compared with $5,979,609 in fiscal 2006. The decrease results primarily from the grant of stock warrants for our outside consultants valued at $1,145,000 in fiscal 2006 versus employee compensatory stock option expense of $175,440 in fiscal 2007.

During 2007, the Company had a net loss of $1,756,904, compared to a net income of $23,171,536 for fiscal 2006. The primary reason for the $24,928,440 decrease in net income for the year ended September 30, 2007 was due to a $30,102,250 net gain in fiscal 2006 from the sale of participation interests in the three JDZ Blocks under production sharing contracts with various joint venture partners.

During fiscal 2007 and 2006, the Company had no revenues from which cash flows could be generated to support operations. In fiscal 2007 and 2006, the Company relied primarily upon cash generated from the 2006 sale of interests to fund operations.

Year ended September 30, 2006 Compared to Year Ended September 30, 2005

During fiscal 2006, the Company had general and administrative expenses of $5,979,609 compared with $4,645,783 in fiscal 2005. This increase was primarily attributed to increased legal fees as a result of the Department of Justice investigation.

During 2006, the Company had net income of $23,171,536, compared to a net loss of $11,270,478 for fiscal 2005. The three primary reasons for the $34,442,014 improvement in net income for the year ended September 30, 2006 were: (i) a $30,102,250 net gain from the sale of participation interests in the three JDZ Blocks under production sharing contracts with various joint venture partners; (ii) a $5,749,575 non-cash loss on extinguishment of debt during fiscal 2005 as the result of the issuance of shares in conjunction with a conversion of debt to common stock; and (iii) fiscal 2006 income tax expense of $2,063,000.

During fiscal 2006, the Company entered into production sharing agreements in Blocks 2, 3 and 4 under which they sold various participating interests for total cash proceeds of $45,900,000 which resulted in net cash provided by investing activities of $45,896,876, compared with net cash used by investing activities of $24,277 for fiscal 2005.

During fiscal 2006 and 2005, the Company had no revenues from which cash flows could be generated to support operations. In fiscal 2006, the Company relied primarily upon cash generated from the sale of interests to fund operations and in fiscal 2005, the Company relied on borrowings funded from its line of credit as well as the sale of common stock.

Liquidity and Capital Resources

As of September 30, 2007, the Company had working capital of $31,002,664. The Company believes that it has sufficient liquidity to meet working capital requirements for fiscal 2008. The Company has no material commitments for capital resources.

Off-Balance Sheet Arrangements

As of September 30, 2007, the Company does not have any off-balance sheet arrangements.

Contractual Obligations and Commercial Commitments

The following table provides information at September 30, 2007, about the Company's contractual obligations and commercial commitments. The table presents contractual obligation by due dates and related contractual commitments by expiration dates.

Contractual Obligations	Total	Less than 1 year	1 - 3 Years	3 - 5 Years	More than 5 Years
Convertible debt (1)	$ 33,513	$ 33,513	$ -	$ -	$ -
Operating lease (2)	454,920	107,040	321,120	26,760	-
Total	$ 488,433	$ 140,553	$ 321,120	$ 26,760	$ -

(1) This represents a convertible note to Joseph Charles and Associates, for which the Company has been unable to locate the payee.

(2) Lease obligations consist of operating lease for office space. Office lease represent non-cancelable leases for office space used in our daily operations.

Contingencies and Legal Matters

For a detailed discussion of contingencies and legal matters, see "Item 3. Legal Proceedings".

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The Company's current focus is to exploit its primary assets, which are rights to working interest in the JDZ and EEZ under agreements with the JDA and DRSTP. The Company intends to continue to form relationships with other oil and gas companies with technical and financial capabilities to assist the Company in leveraging its interests in the EEZ and the JDZ. The Company currently has no other operations.

At September 30, 2007, all of the Company's operations were located outside the United States. The Company's primary asset are agreements with DRSTP and the JDA, which provide ERHC with rights to participate in exploration and production activities in the Gulf of Guinea off the coast of central West Africa. This geographic area of interest is controlled by foreign governments that have historically experienced volatility, which is out of management's control. The Company's ability to exploit its interests in the agreements in this area may be impacted by this circumstance.

The future success of the Company's international operations may also be adversely affected by risks associated with international activities, including economic and labor conditions, political instability, risk of war, expropriation, renegotiation or modification of existing contracts, tax laws (including host-country import-export, excise and income taxes and United States taxes on foreign subsidiaries) and changes in the value of the U.S. dollar versus the local currencies in which future oil and gas producing activities may be denominated. As well, changes in exchange rates may adversely affect the Company's future results of operations and financial condition.

Market risks relating to the Company's operations result primarily from changes in interest rates as well as credit risk concentrations. The Company's interest expense is generally not sensitive to changes in the general level of interest rates in the United States, particularly because a substantial majority of its indebtedness is at fixed rates.

The Company holds no derivative financial or commodity instruments, nor does it engage in any foreign currency denominated transactions.

Item 8. Financial Statements and Supplementary Data

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under instructions or are inapplicable and therefore have been omitted.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
ERHC Energy Inc.
Houston, Texas

We have audited the internal control of ERHC Energy Inc. over its financial reporting as of September 30, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, ERHC Energy Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of ERHC Energy Inc. as of September 30, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity and cash flows for the three years then ended, and our reports dated December 7, 2007 expressed an unqualified opinion on those consolidated financial statements.

Malone & Bailey, PC
www.malone-bailey.com
Houston, Texas

December 7, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
ERHC Energy Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of ERHC Energy Inc., a corporation in the development stage, as of September 30, 2007 and 2006 and the related consolidated statements of operations, shareholders' equity (deficit) and cash flows for the three years then ended. These financial statements are the responsibility of ERHC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ERHC as of September 30, 2007 and 2006, and the results of its operations and its cash flows for the three years then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of ERHC's internal control over financial reporting as of September 30, 2007, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 7, 2007 expressed an unqualified opinion on management's assessment of internal control over financial reporting and an unqualified opinion on the effectiveness of internal control over financial reporting.

Malone & Bailey, PC
www.malone-bailey.com
Houston, Texas

December 7, 2007

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED BALANCE SHEETS
September 30, 2007 and 2006

	2007	2006
ASSETS		
Current assets:		
Cash	$ 34,721,933	$ 40,991,114
Prepaid expenses and other current assets	179,955	1,073,031
Income tax refundable	1,568,758	-
Deferred tax asset – current	480,000	480,000
Total current assets	36,950,646	42,544,145
DRSTP concession fee	2,839,500	2,839,500
Furniture and equipment, net	64,495	14,604
Deferred tax asset	-	480,000
Total assets	$ 39,854,641	$ 45,878,249
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 5,183,979	$ 6,784,004
Accounts payable and accrued liabilities, related parties	238,614	69,439
Accrued interest	6,876	5,023
Federal income taxes payable	-	3,013,147
Asset retirement obligation	485,000	485,000
Convertible debt	33,513	33,513
Total current liabilities	5,947,982	10,390,126
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, par value $0.0001; authorized 10,000,000; none issued and outstanding	-	-
Common stock, par value $0.0001; authorized 950,000,000 shares; issued and outstanding 721,938,550 and 718,988,982 at September 30, 2007 and 2006, respectively	72,193	71,899
Additional paid-in capital	91,827,545	91,652,399
Deficits accumulated in the development stage	(57,993,079)	(56,236,175)
Total shareholders' equity	33,906,659	35,488,123
Total liabilities and shareholders' equity	$ 39,854,641	$ 45,878,249

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended September 30, 2005, 2006 and 2007 and for the Period from Inception, September 5, 1995, to September 30, 2007

	2005	**2006**	**2007**	**Inception to September 30, 2007 (Unaudited)**
Operating costs and expenses:				
General and administrative Expenses	$ 4,645,783	$ 5,979,609	$ 4,954,848	$ 64,093,110
Depreciation, depletion and amortization	6,676	9,147	21,917	1,385,930
Gain from sale of partial interest in DRSTP Concession	-	(30,102,250)	-	(30,102,250)
Write-offs and abandonments	-	-	-	7,742,128
(Loss) gain from operations	(4,652,459)	24,113,494	(4,976,765)	(43,118,918)
Other income and (expenses):				
Interest income	26,494	1,123,141	1,998,704	3,148,339
Gain (loss) from settlements	252,310	-	(500,000)	(247,690)
Other income	-	-	-	439,827
Interest expense	(1,147,248)	(2,099)	(1,843)	(12,125,062)
Loss on extinguishment of debt	(5,749,575)	-	-	(5,749,575)
Total other income and expenses, net	(6,618,019)	1,121,042	1,496,861	(14,534,161)
Income (loss) before benefit (provision) for income taxes	(11,270,478)	25,234,536	(3,479,904)	(57,653,079)
Benefit (provision) for income taxes				
Current	-	(3,023,000)	1,243,000	(1,780,000)
Deferred	-	960,000	480,000	1,440,000
Total benefit (provision) for income taxes	-	(2,063,000)	1,723,000	(340,000)
Net income (loss)	$ (11,270,478)	$ 23,171,536	$ (1,756,904)	$ (57,993,079)
Net income (loss) per common shares Basic and diluted	$ (0.02)	$ 0.03	$ 0.00	
Weighted average number of common shares outstanding -				
Basic	671,164,058	712,063,980	720,966,165	
Diluted	671,164,058	717,410,403	720,966,165	

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 5, 1995	-	$ -	$ -	$ -	$ -	$ -	$ -
Common stock issued for cash	884,407	88	-	-	-	-	88
Common stock issued for Services	755,043	76	499,924	-	-	(500,000)	-
Net loss	-	-	-	(3,404)	-	-	(3,404)
Balance at September 30, 1995	1,639,450	164	499,924	(3,404)	-	(500,000)	(3,316)
Common stock issued for cash, net of expenses	361,330	36	124,851	-	-	-	124,887
Common stock issued for Services	138,277	14	528,263	-	-	-	528,277
Common stock issued for Equipment	744,000	74	3,719,926	-	-	-	3,720,000
Effect of reverse merger	1,578,470	158	(243,488)	-	-	-	(243,330)
Amortization of deferred compensation	-	-	-	-	-	72,500	72,500
Net loss	-	-	-	(728,748)	-	-	(728,748)
Balance at September 30, 1996	4,461,527	$ 446	$ 4,629,476	$ (732,152)	$ -	$ (427,500)	$ 3,470,270

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 1996	4,461,527	$ 446	$ 4,629,476	$ (732,152)	$ -	$ (427,500)	$ 3,470,270
Common stock issued for cash	2,222,171	222	1,977,357	-	(913,300)	-	1,064,279
Common stock issued for services	9,127,981	913	12,430,725	-	-	-	12,431,638
Common stock issued for oil and gas leases and properties	500,000	50	515,575	-	-	-	515,625
Common stock issued for Chevron contract	3,000,000	300	-	-	-	-	300
Common stock issued for BAPCO acquisition	4,000,000	400	499,600	-	-	-	500,000
Contributed	(100,000)	(10)	(99,990)	-	-	-	(100,000)
Amortization of deferred compensation	-	-	-	-	-	177,500	177,500
Net loss	-	-	-	(16,913,052)	-	-	(16,913,052)
Balance at September 30, 1997	23,211,679	$ 2,321	$ 19,952,743	$ (17,645,204)	$ (913,300)	$ (250,000)	$ 1,146,560

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 1997	23,211,679	$ 2,321	$ 19,952,743	$ (17,645,204)	$ (913,300)	$ (250,000)	$ 1,146,560
Common stock and warrants issued for cash	1,124,872	113	972,682	-	-	-	972,795
Common stock issued for services	1,020,320	102	1,526,878	-	-	-	1,526,980
Common stock issued for Uinta acquisition	1,000,000	100	1,999,900	-	-	-	2,000,000
Common stock issued for Nueces acquisition	50,000	5	148,745	-	-	-	148,750
Common stock issued for accounts payable	491,646	49	337,958	-	-	-	338,007
Beneficial conversion feature associated with convertible debt	-	-	1,387,500	-	-	-	1,387,500
Receipt of subscription receivable	-	-	-	-	913,300	-	913,300
Option fee and penalty	299,536	30	219,193	-	-	-	219,223
Common stock issued for building equity	24,000	2	69,998	-	-	-	70,000
Amortization of deferred compensation	-	-	-	-	-	125,000	125,000
Net loss	-	-	-	(11,579,024)	-	-	(11,579,024)
Balance at September 30, 1998	27,222,053	$ 2,722	$ 26,615,597	$ (29,224,228)	$ -	$ (125,000)	$ (2,730,909)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 1998	27,222,053	$ 2,722	$ 26,615,597	$ (29,224,228)	$ -	$ (125,000)	$ (2,730,909)
Common stock issued for cash	397,040,000	39,704	2,062,296	-	-	-	2,102,000
Common stock issued for services	7,169,000	717	1,034,185	-	-	-	1,034,902
Common stock issued for Uinta settlement	7,780,653	778	2,541,161	-	-	-	2,541,939
Common stock surrendered in BAPCO settlement	(7,744,000)	(774)	(2,709,626)	-	-	-	(2,710,400)
Common stock issued for accounts payable, debt,accrued interest and penalties	42,334,767	4,233	6,768,054	-	-	-	6,772,287
Common stock issued for officer's salary and bonuses	10,580,000	1,058	4,723,942	-	-	-	4,725,000
Common stock issued for shareholder loans and accrued interest payable	3,939,505	394	771,318	-	-	-	771,712
Reclassification of common stock previously presented as a liability	750,000	75	1,499,925	-	-	-	1,500,000
Amortization of deferred compensation	-	-	-	-	-	125,000	125,000
Net loss	-	-	-	(19,727,835)	-	-	(19,727,835)
Balance at September 30, 1999	489,071,978	$ 48,907	$ 43,306,852	$ (48,952,063)	$ -	$ -	$ (5,596,304)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 1999	489,071,978	$ 48,907	$ 43,306,852	$ (48,952,063)	$ -	$ -	$ (5,596,304)
Common stock issued for con -version of debt and payment of accrued interest and penalties	7,607,092	761	295,120	-	-	-	295,881
Net loss	-	-	-	(1,958,880)	-	-	(1,958,880)
Balance at September 30, 2000	496,679,070	49,668	43,601,972	(50,910,943)	-	-	(7,259,303)
Common stock issued for services	37,000,000	3,700	1,846,300	-	-	-	1,850,000
Net loss	-	-	-	(6,394,810)	-	-	(6,394,810)
Balance at September 30, 2001	533,679,070	$ 53,368	$ 45,448,272	$ (57,305,753)	$ -	$ -	$ (11,804,113)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 2001	533,679,070	$ 53,368	$ 45,448,272	$ (57,305,753)	$ -	$ -	$ (11,804,113)
Common stock issued for cash net of expenses	4,000,000	400	643,100	-		-	643,500
Common stock issued for services	3,475,000	348	527,652	-	-	-	528,000
Common stock issued for accounts payable	4,407,495	440	817,757	-	-	-	818,197
Common stock issued for con -version of debt and pay-ment of accrued interest And penalties	7,707,456	771	1,540,721	-	-	-	1,541,492
Common stock issued for officer's salary and bonuses	2,700,000	270	289,730	-	-	-	290,000
Net loss	-	-	-	(4,084,210)	-	-	(4,084,210)
Balance at September 30, 2002	555,969,021	$ 55,597	$ 49,267,232	$ (61,389,963)	$ -	$ -	$ (12,067,134)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 2002	555,969,021	$ 55,597	$ 49,267,232	$ (61,389,963)	$ -	$ -	$ (12,067,134)
Common stock issued for cash, net of expenses	9,440,000	944	1,071,556	-	-	-	1,072,500
Common stock issued for accounts payable	1,527,986	153	177,663	-	-	-	177,816
Common stock issued for con -version of debt and payment of accrued interest	17,114,740	1,711	3,421,227	-	-	-	3,422,938
Net loss	-	-	-	(3,153,882)	-	-	(3,153,882)
Balance at September 30, 2003	584,051,747	$ 58,405	$ 53,937,678	$ (64,543,845)	$ -	$ -	$ (10,547,762)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 2003	584,051,747	$ 58,405	$ 53,937,678	$ (64,543,845)	$ -	$ -	$ (10,547,762)
Common stock issued for cash, net of expenses	3,231,940	323	974,677	-	-	-	975,000
Common stock issued for accounts payable	1,458,514	146	533,102	-	-	-	533,248
Common stock issued for con -version of debt and payment of accrued interest	11,185,052	1,119	2,236,093	-	-	-	2,237,212
Common stock issued for proceeds received in 2003	1,000,000	100	(100)	-	-	-	-
Beneficial conversion feature associated with the con-vertible line of credit	-	-	1,058,912	-	-	-	1,058,912
Options issued to employee	-	-	765,000	-	-	(765,000)	-
Amortization of deferred compensation	-	-	-	-	-	308,126	308,126
Common stock issued for cash Less exercise of options And/or warrants	247,882	25	(25)	-	-	-	-
Net loss	-	-	-	(3,593,388)	-	-	(3,593,388)
Balance at September 30, 2004	601,175,135	$ 60,118	$ 59,505,337	$ (68,137,233)	$ -	$ (456,874)	$ (9,028,652)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 2004	601,175,135	$ 60,118	$ 59,505,337	$ (68,137,233)	$ -	$ (456,874)	$ (9,028,652)
Common stock issued for accounts payable	735,000	73	359,716	-	-	-	359,789
Common stock issued for con -version of debt and payment of accrued interest	107,819,727	10,782	22,678,054	-	-	-	22,688,836
Common stock issued in settle-ment of lawsuits	595,000	59	394,391	-	-	-	394,450
Variable accounting for repriced employee stock options	-	-	300,000	-	-	(300,000)	-
Beneficial conversion feature associated with the con-vertible line of credit			347,517				347,517
Amortization of deferred compensation	-	-	-	-	-	449,737	449,737
Common stock issued for cash Less exercise of options And/or warrants	587,364	59	(59)	-	-	-	-
Net loss	-	-	-	(11,270,478)	-		(11,270,478)
Balance at September 30, 2005	710,912,226	$ 71,091	$ 83,584,956	$ (79,407,711)	$ -	$ (307,137)	$ 3,941,199

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 2005	710,912,226	$ 71,091	$ 83,584,956	$ (79,407,711)	$ -	$ (307,137)	$ 3,941,199
Variable accounting for repriced employee stock options	-	-	(60,660)	-	-	-	(60,660)
Issuance of warrants for success fee	-	-	5,154,500	-	-	-	5,154,500
Issuance of options as comp-ensation to consultants	-	-	1,145,000	-	-	-	1,145,000
Common stock issued upon exercise of warrants	800,000	80	159,920	-	-	-	160,000
Amortization of deferred Compensation	-	-	(307,137)	-	-	307,137	-
Common stock issued for board compensation	4,665,000	467	1,976,081	-	-	-	1,976,548
Common stock issued for cash Less exercise of options And/or warrants	2,611,756	261	(261)	-	-	-	-
Net income	-	-	-	23,171,536	-	-	23,171,536
Balance at September 30, 2006	718,988,982	$ 71,899	$ 91,652,399	$ (56,236,175)	$ -	$ -	$ 35,488,123

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Period from Inception, September 5, 1995, to September 30, 2007, (Unaudited for the Period from Inception to September 30, 1998)

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Subscription Receivable	Deferred Compensation	Total
Balance at September 30, 2006	718,988,982	$ 71,899	$ 91,652,399	$ (56,236,175)	$ -	$ -	$ 35,488,123
Accounting for employee stock options	-	-	175,440	-	-	-	175,440
Common stock issued for cash Less exercise of options And/or warrants	2,949,568	294	(294)	-	-	-	-
Net income	-	-	-	(1,756,904)	-	-	(1,756,904)
Balance at September 30, 2007	721,938,550	$ 72,193	$ 91,827,545	$ (57,993,079)	$ -	$ -	$ 33,906,659

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2005, 2006 and 2007 and for the Period from Inception, September 5, 1995, to September 30, 2007

	2005	2006	2007	Inception to September 30, 2007 (Unaudited)
Cash Flows from Operating Activities				
Net income (loss)	$ (11,270,478)	$ 23,171,536	$ (1,756,904)	$ (57,993,079)
Adjustments to reconcile net income (loss) to net cash used by operating activities				
Depreciation, depletion and amortization expenses	6,676	9,147	21,917	1,385,930
Write-offs and abandonments	-	-	-	7,742,128
Deferred income taxes	-	(960,000)	480,000	(480,000)
Compensatory stock options	-	1,084,340	175,440	1,259,780
Gain from settlement	(252,310)	-	-	(252,310)
Gain on sale of partial interest in DRSTP concession	-	(30,102,250)	-	(30,102,250)
Amortization of beneficial conversion feature associated with convertible debt	784,348	-	-	2,793,929
Amortization of deferred Compensation	449,737	-	-	1,257,863
Common stock issued for services	-	-	-	20,897,077
Common stock issued for settlements	-	-	-	225,989
Common stock issued for officer Bonuses	-	-	-	5,015,000
Common stock issued for interest and penalties on convertible debt	-	-	-	10,631,768
Common stock issued for board compensation	-	1,976,548	-	1,976,548
Gain (loss) on extinguishment of debt	5,749,575	-	-	5,682,368
Changes in operating assets and liabilities:				
Prepaid expenses and other current assets	(5,835)	(1,040,938)	893,077	(179,954)
Income tax refundable	-	-	(1,568,758)	(1,568,758)
Accounts payable and other accrued liabilities	324,454	(1,210,546)	(1,598,173)	(2,612,896)
Accrued federal income taxes	-	3,013,147	(3,013,147)	-
Accrued officers' salaries	(76,275)	-	-	-
Accounts payable, and accrued liabilities, related party	2,146,375	(1,995,236)	169,175	238,614
Accrued interest - related party	386,228	-	-	-
Accrued retirement obligation	-	-	-	485,000
Net cash used by operating activities	$ (1,757,505)	$ (6,054,252)	$ (6,197,373)	$ (33,597,253)

The accompanying notes are an integral part of these financial statements.

ERHC ENERGY INC.
A CORPORATION IN THE DEVELOPMENT STAGE
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2005, 2006 and 2007 and for the Period from Inception, September 5, 1995, to September 30, 2007

	2005	2006	2007	Inception to September 30, 2007 (Unaudited)
Cash Flows from Investing Activities				
Release of restricted cash	$ 3,026	$ -	$ -	$ -
Purchase of DRSTP concession	-	-	-	(5,679,000)
Proceeds from sale of partial interest In DRSTP concession	-	45,900,000	-	45,900,000
Purchase of furniture and equipment	(27,303)	(3,124)	(71,808)	(877,200)
Net cash provided (used) by investing Activities	(24,277)	45,896,876	(71,808)	39,343,800
Cash Flows from Financing Activities:				
Proceeds from warrants exercised	-	160,000	-	160,000
Proceeds from common stock, net of expenses	-	-	-	6,955,049
Proceeds from related party line of credit	2,750,000	-	-	2,750,000
Proceeds from related party debt	-	-	-	158,700
Proceeds from related party convertible debt	-	-	-	8,207,706
Proceeds from convertible debt	-	-	-	9,019,937
Proceeds from note payable to bank	-	-	-	175,000
Proceeds from shareholder loans	-	-	-	1,845,809
Collection of stock subscription receivable	-	-	-	913,300
Repayment of shareholder loans	-	-	-	(1,020,607)
Repayment of long-term debt	-	-	-	(189,508)
Net cash provided by investing activities	2,750,000	160,000	-	28,975,386
Net increase (decrease) in cash and cash equivalents	968,218	40,002,624	(6,269,181)	34,721,933
Cash and cash equivalents, beginning of period	20,272	988,490	40,991,114	-
Cash and cash equivalents, end of period	$ 988,490	$ 40,991,114	$ 34,721,933	$ 34,721,933
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest expense	$ -	$ -	$ -	$ -
Cash paid for income taxes	-	-	2,378,905	-

The accompanying notes are an integral part of these financial statements

Note 1 – Summary of Significant Accounting Policies

General Business and Nature of Operations

ERHC Energy Inc. is an independent oil and gas company that reports as a development stage enterprise because there are currently no significant operations and no revenue has been generated from business activities. ERHC was formed in 1986, as a Colorado corporation, and was engaged in a variety of businesses until 1996, when it began its current operations as an independent oil and gas company. ERHC's goal is to maximize its value through exploration and exploitation of oil and gas reserves in the Gulf of Guinea offshore of central West Africa. The Company's current focus is to exploit its primary assets, which are rights to working interests in exploration acreage in the Joint Development Zone ("JDZ") between the Democratic Republic of Sao Tome and Principe ("DRSTP") and the Federal Republic of Nigeria ("FRN") and in the exclusive territorial waters of Sao Tome (the "Exclusive Economic Zone" or "EEZ"). The Company has formed relationships with upstream oil and gas companies to assist the Company in exploiting its assets in the JDZ as further described in Note 4. ERHC currently has no other operations.

Consolidated Financial Statements

The consolidated financial statements include the accounts of ERHC and its wholly owned subsidiary, after elimination of all significant inter-company accounts and transactions.

Use of estimates

The consolidated financial statements have been prepared in conformity with U. S. generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period for the years then ended. Actual results could differ significantly from those estimates.

Cash equivalents

ERHC considers all highly liquid short-term investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Concentration of risks

ERHC primarily transacts its business with three financial institutions. From time to time the amount on deposit in either one of these institutions may exceed the $100,000 federally insured limit. The balances are maintained in demand accounts to minimize risk.

ERHC's current focus is to exploit its assets which are agreements with the DRSTP concerning oil and gas exploration in EEZ and with the JDA concerning oil and gas exploration in the JDZ. ERHC has formed relationships with Sinopec International Petroleum Exploration and Production Corporation Nigeria ("Sinopec"), and Addax Energy Nigeria Limited ("Addax Ltd.") to assist ERHC in leveraging its interests in the EEZ and the JDZ. ERHC currently has no other operations.

Successful efforts

ERHC uses the successful efforts method of accounting for oil and gas producing activities. Under this method, acquisition costs for proved and unproved properties are capitalized when incurred. Exploration costs, including geological and geophysical costs, the costs of carrying and retaining unproved properties and exploratory dry hole drilling costs, are expensed. Development costs, including the costs to drill and equip development wells, and successful exploratory drilling costs to locate proved reserves are capitalized. Exploratory drilling costs are capitalized when incurred pending the determination of whether a well has found proved reserves. A determination of whether a well has found proved reserves is made shortly after drilling is completed. The determination is based on a process that relies on interpretations of available geologic, geophysic, and engineering data. If a well is determined to be successful, the capitalized drilling costs will be reclassified as part of the cost of the well. If a well is determined to be unsuccessful, the capitalized drilling costs will be charged to expense in the period the determination is made. If an exploratory well requires a major capital expenditure before production can begin, the cost of drilling the exploratory well will continue to be carried as an asset pending determination of whether proved reserves have been found only as long as: i) the well has found a sufficient quantity of reserves to justify its completion as a producing well if the required capital expenditure is made and ii) drilling of the additional exploratory wells is under way or firmly planned for the near future. If drilling in the area is not under way or firmly planned, or if the well has not found a commercially producible quantity of reserves, the exploratory well is assumed to be impaired, and its costs are charged to expense.

In the absence of a determination as to whether the reserves that have been found can be classified as proved, the costs of drilling such an exploratory well is not carried as an asset for more than one year following completion of drilling. If, after that year has passed, a determination that proved reserves exist cannot be made, the well is assumed to be impaired, and its costs are charged to expense. Its costs can, however, continue to be capitalized if sufficient quantities of reserves are discovered in the well to justify its completion as a producing well and sufficient progress is made in assessing the reserves and the well's economic and operating feasibility.

The impairment of unamortized capital costs is measured at a lease level and is reduced to fair value if it is determined that the sum of expected future net cash flows is less than the net book value. ERHC determines if impairment has occurred through either adverse changes or as a result of the annual review of all fields.

Development costs of proved oil and gas properties, including estimated dismantlement, restoration and abandonment costs and acquisition costs, are depreciated and depleted on a field basis by the units-of-production method using proved developed and proved reserves, respectively. The costs of unproved oil and gas properties are generally combined and impaired over a period that is based on the average holding period for such properties and the Company's experience of successful drilling.

Asset Retirement Obligation

ERHC's asset retirement obligation relates to the plugging and abandonment of certain oil and gas properties in Wichita Falls, Texas. The provisions of SFAS No. 143 require the fair value of a liability for an asset retirement obligation to be recorded and a corresponding increase in the carrying amount of the associated asset. The cost of the tangible asset, including the initially recognized asset retirement cost is depleted over the useful life of the asset. If the fair value of the estimated asset retirement obligation changes, an adjustment is recorded to the retirement obligation and the asset retirement cost. The offsetting ARO liability is recorded at fair value, and accretion expense recognized as the discounted liability is accreted to its expected settlement value. The fair value of the ARO asset and liability is measured using expected future cash out flows discounted at the Company's credit adjusted risk free interest rate. These oil and gas properties were abandoned and written off during the year ended September 30, 1999 and the current liability is fully accreted and represents management's best estimate of the fair value of the outstanding obligation.

Impairment of long-lived assets

ERHC evaluates the recoverability of long-lived assets when events and circumstances indicate that such assets might be impaired. ERHC determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Impairments are charged to operations in the period to which events and circumstances indicate that such assets might be impaired. ERHC has evaluated its investment in its DRSTP concession fee in light of its 2003 Option Agreement (see Note 4) and there have been no events or circumstances that would indicate that such asset might be impaired.

Income taxes

ERHC accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109 - "*Accounting for Income Taxes,*" which provides for an asset and liability approach in accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding, after giving effect to potentially dilutive common share equivalents outstanding during the period. Potentially dilutive common share equivalents are not included in the computation of diluted income (loss) per share if they are anti-dilutive. Diluted income (loss) per common share is the same as basic for all periods presented because the effect of potentially dilutive common shares arising from outstanding stock warrants and options was anti-dilutive. For the year ended September 30, 2006, the potentially dilutive common shares from stock options and warrants were 5,346,423. If all convertible debt instruments, including accrued interest were to be considered, an additional 192,680 common shares for the year ended September 30, 2006 may have been dilutive depending on the results of operations. For the year ended September 30, 2007 and 2005, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-based compensation

On October 1, 2005, ERHC began recording compensation expense associated with stock options and other forms of equity compensation in accordance with Statement of Financial Accounting Standards No. 123R, Share-Based Payment, as interpreted by SEC Staff Accounting Bulletin No. 107. Prior to October 1, 2005, ERHC had accounted for stock options according to the provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, and therefore no related compensation expense was recorded for awards granted with no intrinsic value. ERHC adopted the modified prospective transition method provided for under SFAS No. 123R, and consequently, has not retroactively adjusted results from prior periods. Under this transition method, compensation cost associated with stock options recognized in the first quarter of Fiscal 2006 includes: 1) quarterly amortization related to the remaining unvested portion of all stock option awards granted prior to October 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123; and 2) quarterly amortization related to all stock option awards granted subsequent to July 1, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R.

New accounting pronouncements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. This statement is effective for ERHC beginning the first quarter of fiscal 2008. The Company is currently assessing the potential impact that adoption of SFAS No. 157 would have on our financial statements.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109" ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement No. 109, "Accounting for Income Taxes." FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement classification, accounting for interest and penalties and accounting in interim periods and disclosure. The provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. The Company is currently assessing the potential impact that adoption of FIN No. 48 would have on its financial statements.

Reclassifications

During the year ended September 30, 2005, ERHC corrected a 1,222,153 understatement in the number of shares of common stock outstanding that has consistently existed for many years. The shares were issued at a time when the stock had no significant value and, accordingly, the correction of outstanding shares resulted in a $122 increase in common stock and a corresponding decrease in additional paid-in capital. All periods presented have been corrected to include these additional shares.

Certain prior year amounts have been reclassified to conform to the current year presentation

Note 2 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following as of September 30, 2007 and 2006:

	2007	2006
Accrued success fee	$ -	$ 1,500,000
Accrued stock payable – success fee	4,803,750	4,803,750
Accrued settlement payable	-	175,000
Accounts payable	380,228	305,254
	$ 5,183,978	$ 6,784,004

Note 3 – Revision to Financial Statements

ERHC had revised its financial statements to report as a development stage company for the year ended September 30, 2006. Accordingly, the statements of operations, stockholders' equity and cash flows include inception to date amounts. The consolidated statements of stockholders' equity of the Company for the years ended from inception (September 5, 1995) through September 30, 1998 were audited by other auditors who are no longer members of the Public Company Accounting Oversight Board and whose reports for each of the years ended from inception (September 5, 1995) through September 30, 1998 expressed an unqualified opinion on those statements.

Note 4 - Sao Tome Concession

In April 2003, the Company and the DRSTP entered into an Option Agreement (the "2003 Option Agreement") in which the Company relinquished certain financial interests in the JDZ in exchange for exploration rights in the JDZ. The Company additionally entered into an administration agreement with the Nigeria-Sao Tome and Principe Joint Development Authority ("JDA"). The administration agreement is the formal agreement by the JDA that it will fully implement ERHC's preferential rights to working interests in the JDZ acreage as set forth in the 2003 Option Agreement and describes certain procedures regarding the exercising of these rights. However, ERHC retained under a previous agreement the following rights to participate in exploration and production activities in the EEZ subject to certain restrictions: (a) the right to receive up to two blocks of ERHC's choice and (b) the option to acquire up to a 15% paid working interest in up to two blocks of ERHC's choice in the EEZ. The Company would be responsible for its proportionate share of exploration and exploitation costs in the EEZ blocks.

The following represents ERHC's current rights in the JDZ blocks.

JDZ Block #	ERHC Original Participating Interest (1)	ERHC Joint Bid Participating Interest	Participating Interest(s) Sold	Current ERHC Retained Participating Interest
2	30%	35%	43% (2)	22%
3	20%	5%	15% (3)	10%
4	25%	35%	33.3% (4)	26.7% (6)
5	15%	(5)	(5)	(5)
6	15%	(5)	(5)	(5)
9	20%	(5)	(5)	(5)

(1) Original Participating Interest granted pursuant to the Option Agreement, dated April 2, 2003, between DRSTP and ERHC (the "2003 Option Agreement").
(2) In March 2006, ERHC sold an aggregate 28.67% participating interest to Sinopec and an aggregate 14.33% participating interest to Addax Ltd.
(3) In February 2006, ERHC sold a 15% participating interest to Addax Sub.
(4) By a Participation Agreement made in November 2005 and subsequently amended, ERHC sold 33.3% participating interest to Addax.
(5) No contracts have been entered into as of the date hereof.
(6) Includes the 9% reclaimed by ERHC from Godsonic by ERHC on behalf of the ERHC/Addax consortium following Godsonic's inability to fulfill financial and other conditions upon which the 9% was to have been assigned to Godsonic. Pursuant to the Amendment to the Participation Agreement made on April 11, 2006, the 9% is subject to distribution between Addax (7.2%) and ERHC (1.8%), if agreement is reached between the parties on the amount payable by Addax to ERHC for said interest.

This exercise of the Company's rights was subject to the condition that if no license is awarded or a license is awarded and subsequently withdrawn by the JDA prior to the commencement of operations, ERHC will be entitled to receive its working interest in that block in a future license awarded for the block.

On April 28, 2005, ERHC and its then consortium partner Noble Energy International, Ltd. ("Noble") entered into a Memorandum of Understanding with Godsonic Oil Company Limited ("Godsonic"), an independent bidder for interest in Block 4. The Memorandum of Understanding stated that if ERHC/Noble received less than a 26% bid-interest award in Block 4. Godsonic would transfer whatever Godsonic received in the Block to ERHC/Noble; on the other hand, if ERHC/Noble received more than a 26% bid-interest award in Block 4 from the JDA,. ERHC/Noble would transfer the excess over 26% to Godsonic.

In June 2005, the JDA awarded ERHC and its then consortium partner Noble a 35% bid interest in Block 4 of the JDZ, in addition to the option interest of 25% which ERHC had exercised in the Block. In October 2005, Noble withdrew from participation in Block 4 and Addax Petroleum (Nigeria Offshore 2) Limited ("Addax") replaced Noble as ERHC's consortium partner. By a Letter Agreement of October 24, 2005, ERHC and Addax undertook to transfer a 9% interest, out of the 35% bid interest, to Godsonic subject to Godsonic meeting financial and other conditions. In November 2005, ERHC and Addax entered into a Participation Agreement dated November 17, 2005 (the "Participation Agreement") whereby ERHC undertook to assign a 42.3% interest (the "Assigned Interest") in Block 4 to Addax. Under the Participation Agreement, ERHC's "Retained Interest" would be 17.7% in Block 4. The Participation Agreement stated Addax's cash payment obligations to ERHC to be $18 million, which was paid in February and March 2006.

By an Amendment made on February 23, 2006, ERHC and Addax amended the Participation Agreement so that the Assigned Interest to Addax would be changed to 33.3% while ERHC's Retained Interest would remain at 17.7%. By another Amendment made on March 14, 2006, ERHC and Addax further amended the Participation Agreement so that the "Assigned Interest" would be 33.3% and ERHC's "participating interest" would be 26.7%.

On March 15, 2006, an agreement to assign 9% in Block 4 to Godsonic was entered into between ERHC and Godsonic subject to Godsonic meeting stipulated financial and other conditions. By a further Amendment made on April 11, 2006 to the Participation Agreement, ERHC and Addax provisionally agreed that if Godsonic did not meet the obligations on the 9% interest to be transferred to Godsonic and was foreclosed from all claims to the 9% interest, ERHC would transfer 7.2% out of the 9% interest to Addax so that Addax's participating interest would be 40.5% in aggregate and ERHC's participating interest would be 19.5% in aggregate. See Note 10.

In July 2007, ERHC acted on behalf of the Addax/ERHC consortium to reclaim Godsonic's 9% share of JDZ Block 4 because Godsonic failed to meet certain obligations. Addax claims entitlement under the existing agreements to 7.2% out of the recovered 9%, leaving 1.8% remaining with ERHC. If finalized, this would increase ERHC's share of JDZ Block 4 from 17.7% to 19.5%. ERHC and Addax are amicably exchanging statements in arbitration, to resolve whether or not additional consideration is due to ERHC from Addax for the 7.2% claimed by Addax under the terms of the existing agreements. The parties are also exploring mediation as an alternative to seeing arbitration to conclusion.

Under the Participation Agreement between ERHC and Addax, as variously amended, Addax will serve as operator and pay all of ERHC's future costs in respect of all petroleum operations in Block 4. Addax is entitled to up to 100% of ERHC's share of cost oil and 50% of ERHC's share of profit oil until Addax recovers ERHC's costs.

In March 2006, ERHC sold a 28.67% participating interest in Block 2 of the JDZ to Sinopec International Petroleum Exploration and Production Corporation Nigeria ("Sinopec"), and a 14.33% participating interest in Block 2 of the JDZ to Addax Energy Nigeria Limited ("Addax Ltd.") leaving a 22% participating interest in Block 2 to the Company. In exchange, Sinopec paid ERHC $13.6 million and Addax Ltd. paid ERHC $6.8 million in the second quarter of fiscal 2006. Under the participation agreement among ERHC, Sinopec and Addax Ltd., Sinopec will serve as operator, and Sinopec and Addax Ltd. will pay all of ERHC's future costs in respect of petroleum operations in Block 2. Sinopec and Addax Ltd. are entitled to 100% of ERHC's allocation of cost oil plus up to 50% of ERHC's allocation of profit oil until they recover ERHC's costs and Sinopec is to receive 6% interest on its future costs, up to $35 million, but only to the extent that those costs are covered by production.

ERHC sold various participating interests in Blocks 2, 3 and 4 (as noted above) during 2006 for total cash proceeds of $45,900,000. Following is an analysis of the sale of the participating interests in blocks 2, 3 and 4.

	Cost Basis	Cash Proceeds	Success Fees (1)	Gain Loss
Block 2	$ 946,500	$ 20,400,000	$ 12,958,250	$ 6,495,250
Block 3	946,500	7,500,000	-	6,553,500
Block 4	946,500	18,000,000	-	17,053,500
Total	$ 2,839,500	$ 45,900,000	$ 12,958,250	$ 30,102,250

(1) See Note 5

ERHC's goal is to enter into agreements to exploit its interests in Blocks 5, 6 and 9 also. Additionally, the Company intends to exploit its rights in the EEZ.

Note 5 - DRSTP Success Fee

ERHC agreed to pay a $3 million cash success fee ($1.5 million was paid in March 2006 and the remaining $1.5 million was paid in March 2007) to Feltang International Inc., a British Virgin Island company that was responsible for obtaining Sinopec's participation in Block 2. ERHC also will issue to Feltang 5,250,000 shares of common stock and warrants to purchase 6,500,000 shares at an exercise price of $0.355 per share. The common stock was valued at $4,803,750 (included in accounts payable at September 30, 2007 and 2006) based on the quoted market value of the common stock on the date Sinopec signed the production sharing agreement. The warrants were valued at $5,154,500 based on a valuation using the Black-Scholes Option Pricing Model and the following assumptions; market price of $0.915, strike price of $0.355, volatility of 115%, interest rate of 4.42%, dividend yield of 0% and expected life of 4 years.

Upon sale of the participation interests, ERHC removed the entire cost of the related blocks due to the uncertainty surrounding their unproved interests.

Note 6 - Convertible Debt

At September 30, 2007 and 2006, ERHC had $33,513 of nonaffiliated convertible debt and $6,876 accrued but unpaid interest outstanding. At September 30, 2007 and 2006, this note was in default and ERHC was unable to locate the investor. If the outstanding convertible debt were converted using the conversion price of $0.20 per share, ERHC would be required to issue 201,945 shares of common stock based on an outstanding principal amount of $33,513 and accrued interest of $6,876.

Note 7 - Income Taxes

At September 30, 2007, ERHC had a consolidated net operating loss carry-forward ("NOL") of approximately $2.7 million.

The composition of deferred tax assets and the related tax effects at September 30, 2007 and September 30, 2006 are as follows:

	2007	2006
Net operating losses	$ 931,241	$ 3,410,000
Accrual for asset retirement	164,900	164,900
Total deferred tax assets	1,096,141	3,574,900
Valuation allowance	(616,141)	(2,614,900)
Net deferred tax asset	$ 480,000	$ 960,000

The $480,000 deferred tax asset represents the minimum NOL carryback claim from losses in the next year against the year ended September 30, 2006 taxable income should no income be produced in future years.

The difference between the income tax benefit (provision) in the accompanying statement of operations and the amount that would result if the U.S. federal statutory rate of 34% were applied to pre-tax income (loss) for years ended September 30, 2007, 2006 and 2005, is as follows:

	Years Ended September 30,		
	2007	2006	2005
Income tax benefit (provision) at federal statutory rate	$ 1,183,167	$ (8,579,742)	$ 3,831,962
Gain on sale of assets	-	59,243	-
Change in valuation allowance	1,998,759	19,179,493	340,989
Expiration and adjustment of NOL's	(1,364,518)	(12,266,000)	(1,022,244)
Director's stock compensation	(30,090)	(44,896)	(627,130)
Consultants stock option expense	(59,650)	(368,676)	-
Accrued interest not paid	-	-	(390,064)
Amortization of deferred compensation	-	-	(152,910)
Loss on extinguishment of debt	-	-	(1,954,856)
State income tax	-	(9,853)	-
Penalties	(3,621)	(31,771)	-
Other	(1,047)	(798)	(25,747)
Income tax benefit (provision)	$ 1,723,000	$ (2,063,000)	$ -

Note 8 - Shareholders' Equity

Common Stock Issued Upon Exercise of Warrants

During 2007, 5,625,000 warrants were exercised on a cashless basis for 2,949,587 shares of common stock.

During 2006, 3,750,000 warrants were exercised on a cashless basis for 2,611,756 shares of common stock. Also during 2006, 800,000 warrants were exercised at $0.20 per share. ERHC received $160,000.

During 2005, 3,375,000 warrants were exercised on a cashless basis for 587,364 shares of common stock.

Common Stock Issued For Settlement of Accounts Payable

In 2005 and prior years, ERHC issued shares of common stock for settlement of outstanding accounts payable to various creditors. During the year ended September 30, 2005, ERHC issued 735,000 shares of common stock with an aggregate value of $359,789 for payment of accounts payable balances.

Common Stock Issued For Services

During the years ended September 30, 2007, 2006 and 2005, ERHC issued 4,965,000 shares of common stock for payment of director services as follows: (i) 300,000 shares for 2007 services rendered (these shares were not yet issued by the Company as of the year end and fair value of $88,500 has been accrued in accounts payable and accrued liabilities, related parties); (ii) 325,000 shares for 2006 services rendered (these shares had a fair value of $132,048); (iii) 340,000 shares for 2005 services (these shares had a fair value of $144,500); and (iv) 4,000,000 rendered to the chairman of the board for his long-term history of services to ERHC (these shares had a fair value of $1,700,000).

Common Stock Issued For Conversion of Debt and Payment of Accrued Interest

ERHC has issued shares of common stock for the conversion of convertible debt notes and accrued interest on convertible debt notes. During the year ended September 30, 2005, non-affiliated note holders converted $1,677,371 of convertible debt and accrued interest into 8,387,062 shares of common stock. The conversion price was $0.20 per share. ERHC issued Chrome Energy, an entity controlled by the majority shareholder 14,023,352 shares of common stock, 12,465,202 issued immediately, 623,260 shares issued on the advance of $1,000,000 and the remaining 934,890 shares upon receipt of an additional $1,500,000 available under the working capital line. In addition, ERHC issued 12,308,359 shares of common stock to satisfy current interest accrued but not paid of $2,461,712. The shares of common stock to Chrome for entering into the debt restructuring had a fair value of $5,749,575 and have been recorded as a loss on extinguishment of debt in the September 2005 statement of operations.

During the year ended September 30, 2005, ERHC issued 73,100,954 shares of common stock to Chrome for conversion of all of its debt representing $12,634,084 of principal and $158,583 of accrued interest.

During the year ended September 30, 2007 and 2006 there were no shares issued for the conversion of convertible debt.

Common Stock Issued for Settlement of Lawsuits

During the year ended September 30, 2005, ERHC issued 595,000 shares of common stock to settle its lawsuits. The shares issued had a fair value of $394,450.

Stock Options Issued and Re-Priced

On January 1, 2005, ERHC issued options to purchase a total of 1,750,000 shares of common stock, upon completion of a full year of service to three consultants as part of their initial compensation packages. These options have an exercise price of $0.20 per share and vested on December 31, 2005. Fair value of $816,550 was calculated using the Black-Scholes Model. Variables used in the Black-Scholes option-pricing model during the year ended September 30, 2006, include (1) 4.57% discount rate, (2) warrant life is the expected remaining life of the options as of each year end, (3) expected volatility of 115%, and (4) zero expected dividends. These options were exercised, on a cashless basis, during the year ended September 30, 2006, for a total of 1,339,030 shares.

During the year ended September 30, 2005, ERHC modified the exercise price of 3,000,000 options granted to one employee from $0.30 per share to $0.20 per share, which made those options subject to variable plan accounting. Under variable plan accounting, compensation expense is adjusted for increases or decreases in the fair market value of ERHC's common stock to the extent that the market value exceeds the new exercise price of the option. Variable plan accounting is applied to the re-priced options until the options are exercised, forfeited, or expire unexercised. For the year ended September 30, 2005, ERHC incurred additional expense of $194,737 as a result of an upward change in the fair market value on the underlying common stock. In January 2006, 1,000,000 of these options were cancelled upon the resignation of the employee and a reduction to expense of $60,660 was recognized in fiscal 2006. The remaining 2,000,000 options were exercised, on a cashless basis, in June 2006 and 1,272,727 shares were issued.

During the year ended September 30, 2007, the Company issued 1,000,000 options to purchase common stock of the Company to an employee. These options are for a term of three years, have an exercise price of $0.43 and vest over one year. Fair value of $223,900 was calculated using the Black-Scholes Model. Variables used in the Black-Scholes option-pricing model during the year ended September 30, 2007, include (1) 4.90% discount rate, (2) warrant life is the expected remaining life of the options as of each year end, (3) expected volatility of 75.00%, and (4) zero expected dividends. Option expense of $175,440 was recorded during the year ended September 30, 2007.

Warrants/Options

Information regarding warrants/options and their respective changes as of and for the fiscal years ended September 30, 2007, 2006 and 2005 are as follows:

	Warrants			Options		
	2007	2006	2005	2007	2006	2005
Outstanding, beginning of year	20,866,940	15,166,940	16,166,940	-	3,000,000	3,000,000
Granted	-	6,500,000	-	1,000,000	-	-
Exercised	(a)) (5,625,000	(b)(800,000)	(c) (1,000,000)	-	(d)) (2,000,000	-
Expired/cancelled	(1,840,000)	-	-	-	(1,000,000)	-
Outstanding, end of year	13,401,940	20,866,940	15,166,940	1,000,000	-	3,000,000
Exercisable	13,401,940	20,866,940	15,166,940	-	-	2,000,000

(a) During 2007, 5,625,000 warrants were exercised on a cashless basis for 2,949,587 shares of common stock.
(b) During 2006, 800,000 warrants were exercised at $0.20 per share and proceeds of $160,000 were received.
(c) During 2005, 1,000,000 warrants were exercised on a cashless basis for 587,364 shares of common stock.
(d) During 2006, 2,000,000 options were exercised on a cashless basis for 1,272,727 shares of common stock.

The weighted average option and warrant exercise price information as of and for the fiscal years ended September 30, 2007, 2006 and 2005 is as follows:

	Warrants			Options		
	2007	2006	2005	2007	2006	2005
Outstanding, beginning of year	$ 0.37	$ 0.37	$ 0.36	$ -	$ -	$ 0.30
Granted	-	0.36	-	-	-	-
Exercised	0.20	0.20	0.20	-	-	-
Expired/cancelled	(0.50)	-	-	-	-	-
Outstanding, end of year	$ 0.43	$ 0.37	$ 0.37	$ -	$ -	$ 0.30
Exercisable	$ 0.43	$ 0.37	$ 0.37	$ -	$ -	$ 0.30

Significant warrant groups outstanding at September 30, 2007, and related weighted average exercise price, exercise price range and weighted average remaining contractual life information are as follows:

Grant Grouping	Warrants Outstandin g	Weighted Average Exercise Price	Exercise Price Range	Weighted Average Contractual Years
Chrome	2,500,000	$ 0.25	$ 0.25	1.27
Common stock purchase	9,731,940	0.41	0.20-0.55	1.13
S-1/S-3 contingent	1,050,000	0.75	0.75	(a)
Other	120,000	3.00	3.00	1.25

(a)These warrants expire 14 months after ERHC files an effective S-1 or S-3 registration statement.

Note 9 - Commitments and Contingencies

Legal Proceedings

DOJ, SEC and U.S. Senate Committee Subpoenas. On May 4, 2006, a search warrant issued by the U.S. District Court of the Southern District of Texas, Houston Division, was executed on ERHC seeking various records including, among others, documents, if any, related to correspondence with foreign governmental officials or entities in Sгo Tomй and Nigeria. The search warrant cited, among other things, possible violations of the FCPA, Section 10(b) of the Exchange Act, Rule 10b-5 under the Exchange Act and criminal conspiracy and wire fraud statutes. ERHC filed suit in federal district court in Texas in June 2006 seeking to protect the Company's attorney-client privileged documents and to allow its counsel to determine the factual basis for the DOJ's search warrant affidavit, which is currently under seal.

A related SEC subpoena was issued on May 9, 2006, and a second related subpoena issued on August 29, 2006. The subpoenas request from ERHC a range of documents including all documents related to correspondence with foreign governmental officials or entities in Sao Tome and Nigeria, personnel records (specifically, those regarding the Company's former Chief Financial Officer, Franklin Ihekwoaba) and other corporate records. The Company has been actively responding to both subpoenas.

On July 5, 2007, U.S. Senate Committee on Homeland Security and Governmental Affairs' Permanent Subcommittee on Investigations served ERHC with a subpoena, in connection with its review of matters relating to the potential abuse of payments made to foreign governments. The subpoena, as amended on July 18, 2007, seeks documents and information regarding ERHC's activities, particularly those related to the acquisition of ERHC's interests in the Gulf of Guinea. ERHC's attorneys, Akin Gump Strauss Hauer & Feld LLP, are assisting ERHC in responding to all subpoenas.

The investigations by the DOJ, SEC and Senate Subcommittee are continuing. The Company anticipates that these investigations will be lengthy and do not expect these investigations to be concluded in the immediate future. If violations are found, the Company may be subject to criminal, civil and/or administrative sanctions, including substantial fines, and the resolution or disposition of these matters could have a material adverse effect on its business, prospects, operations, financial condition and cash flows.

ERHC/Addax Arbitration. Addax, our consortium partner in JDZ Block 4, claims entitlement under our existing agreements to 7.2% out of the recovered 9% interest in Block 4, leaving 1.8% remaining with ERHC. The parties are currently in arbitration to determine whether additional consideration is payable to ERHC under the existing agreements for the 7.2% claimed by Addax. If Addax's claims are successful, ERHC's share of JDZ Block 4 will increase from 17.7% to 19.5% and Addax's share of the JDZ Block 4 will increase from 33.3% to 40.5% for no additional consideration paid to ERHC. The parties are also exploring mediation as a potential alternative to arbitration.

Lakeshore Arbitration. In October 2006, Lakeshore Capital Limited (“Lakeshore”) filed an arbitration claim against ERHC seeking $4,400,000 for the alleged value of 4,500,000 shares of ERHC common stock and for a warrant to purchase 1,500,000 shares at an exercise price of $.20 per share, including interest and costs, as compensation for financial consultancy and related services rendered under a contract with ERHC dated May 20, 2002 and mediation conducted by the American Arbitration Association which resulted in the payment of $250,000 to Lakeshore. Pursuant to the Settlement Agreement dated May 16, 2007, the arbitration was discontinued with prejudice.

Godsonic Negotiations. In July 2007, ERHC and Godsonic commenced negotiations over relinquishment by Godsonic of any claims by Godsonic to entitlement to a 9% from the ERHC/Addax bid interest in JDZ Block 4. The parties reached a settlement in August 2007 which resulted in Godsonic’s relinquishment of all claims to the 9% interest in Block 4.

From time to time, ERHC may be subject to routine litigation, claims, or disputes in the ordinary course of business. In the opinion of management, no pending or known threatened claims, actions or proceedings against the Company are expected to have a material adverse effect on ERHC’s consolidated financial position, results of operations or cash flows. ERHC intends to defend these matters vigorously; the Company cannot predict with certainty, however, the outcome or effect of any of the litigation or investigatory matters specifically described above or any other pending litigation or claims. There can be no assurance as to the ultimate outcome of these lawsuits and investigations.

Employment and Consulting Agreements

At September 30, 2004, ERHC had accrued salaries of $723,035, owed to former officers. The amounts and rights claimed by these officers were subject to lawsuits in which ERHC negotiated final settlements in 2005. During 2005, ERHC paid $76,275 and issued 595,000 shares of common stock valued at $394,450 to fully settle these claims and recognized a $252,310 gain in connection with the settlement.

In December 2006, ERHC hired an employee who receives a monthly salary and may receive options for a total of 1,000,000 shares of common stock upon completing one full year of service and attaining management set performance targets. These options have a cashless exercise provision.

From August 1, 2004 until January 20, 2006, Ali Memon was ERHC’s President and Chief Executive Officer. Mr. Memon had a three-year employment agreement that originally included a base salary of $150,000 per year. On January 20, 2006, by mutual agreement with the Board of Directors, Ali Memon resigned both positions.   Under Mr. Memon’s employment agreement, ERHC expensed the remaining net salary to be paid with the final payment made in August 2007.

On January 21, 2006, the Board of Directors appointed Walter Brandhuber as Director and Chief Executive Officer. On March 20, 2006, the Board of Directors appointed Franklin Ihekwoaba as Director and Vice President Finance. On July 24, 2006, both resigned by mutual agreement with the Board of Directors. The Board of Directors appointed Board Member Nicolae Luca as Interim Chief Executive Officer until a successor is named. Mr. Luca had served as a Non-Executive Director from February 2001. Mr. Luca currently receives no cash compensation but is reimbursed for related travel and business expenses.

On January 1, 2005, ERHC hired an individual who requires monthly payment of cash and the issuance of options for a total of 500,000 shares of common stock upon a full year of service. The options issued under this consulting agreement vested on December 31, 2005 and included provisions for cashless exercise. These options were exercised in April 2006, on a cashless basis, for 388,889 shares. Either party may terminate this consulting agreement with 30 days notice.

On January 1, 2005, ERHC hired an individual who requires monthly payment of cash and the issuance of options for a total of 500,000 shares of common stock upon a full year of service.   The options issued under this consulting agreement vested on December 31, 2005 and included provisions for cashless exercise. These options were exercised in March 2006, on a cashless basis, for 387,640 shares. This agreement was terminated in March 2006.

On January 1, 2005, ERHC hired an individual who requires monthly payment of cash and the issuance of options for a total of 750,000 shares of common stock upon a full year of service. The options issued under this consulting agreement vested on December 31, 2005 and included provisions for cashless exercise. These options were exercised in February 2006, on a cashless basis, for 562,500 shares. This agreement was terminated on January 1, 2006.

During May 2003, ERHC hired an individual for general consulting services, including transaction support and evaluation of geological and seismic data. The agreement has been revised several times. The most recent revision became effective on April 1, 2006 and terminated on September 30, 2006. The consultant's compensation was $2,000 per month revised from $10,000 per month effective April 2005. During the years ended September 30, 2006 and 2005 total expense incurred under this consulting agreement was $26,500 and $84,970, respectively.

Operating Lease

ERHC leases office space at 5444 Westheimer Road, Houston, Texas. The lease for office space expires December 2011. The monthly base rent payment is $8,920 for approximately 5,200 square feet. During the years ended September 30, 2007, 2006 and 2005, ERHC incurred lease expense of $107,124, $43,992 and $31,697, respectively. The future remaining annual lease payments under this lease are as follows:

Year Ending September 30,	Amount
2008	$ 107,040
2009	107,040
2010	107,040
2011	107,040
2012	26,760

Note 10 – Related Party Transaction

Mr. Emeka Offor resigned, effective August 12, 2007, as the Company's non-executive Chairman of the Board. As of September 30, 2007, Mr. Offor, through Chrome Oil Services, Ltd. ("Chrome") and Chrome Energy, LLC ("Chrome Energy"), beneficially owns approximately 43% of the common stock of the Company. He has been compensated as a director of the Company as follows:

Year	Cash Compensation	Common Stock Issuances	Value of Common Stock Issuances	Total Compensation
2007	$ 38,100	60,000	$ 17,700	$ 55,800
2006	$ 48,900	60,000	$ 24,378	$ 73,278
2005	$ 33,300	4,085,000	$ 1,736,125	$ 1,769,425

As of September 30, 2007, the Company owes Chrome Energy, an entity controlled by Mr.Offor, $62,314.

Note 11 – Supplemental Disclosure of Cash Flows Information

Following is an analysis of non-cash operating and financing activities and non-cash investing and financing activities for the years ended September 30, 2007, 2006 and 2005.

	2007	2006	2005
Non-cash operating and financing activities:			
Stock issued in exchange for:			
Accounts payable and accrued liabilities	$ -	$ -	$ 359,790
Accrued salaries	-	-	394,450
Accrued interest	-	-	84,852
Accrued interest, related party	-	-	2,620,295
Non-cash investing and financing activities:			
Stock issued for conversion of non-related party debt to equity	-	-	1,592,521
Beneficial conversion feature associated with convertible debt	-	-	347,517
Exchange of convertible and non convertible Debt, related party	-	-	10,134,084
Stock issued for conversion of related party Debt to equity	-	-	12,634,084

Note 12 - Quarterly Financial Information (Unaudited)

	For the Year Ended September 30, 2007			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
General and administrative expenses	$ 1,334,313	$ 1,181,541	$ 1,083,539	$ 1,377,372
Interest expense	461	461	461	460
Other income	543,632	540,495	457,541	457,036
Gain (loss) on settlements	-	-	(500,000)	-
Benefit (provision) for income tax	269,000	197,000	539,241	717,759
Net income (loss) attributable to common Stockholders	(522,142)	(444,507)	(587,218)	(203,037)
Basic and diluted earnings per share	$ -	$ -	$ -	$ -

	For the Year Ended September 30, 2006			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
General and administrative expenses	$ 1,232,792	$ 1,727,524	$ 1,459,282	$ 1,569,158
Gain on sale of partial interest in DRSTP concession fee	$	30,102,250	-	-
Interest expense	461	461	461	716
Other income	4,269	27,399	583,269	508,204
Benefit (provision) for income tax	-	(2,340,000)	300,000	(23,000)
Net loss attributable to common stockholders	(1,228,984)	26,061,664	(621,474)	(1,039,670)
Basic and diluted earnings per share	$ -	$ 0.04	$ -	$ -

	For the Year Ended September 30, 2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
General and administrative expenses	$ 643,235	$ 980,821	$ 233,704	$ 2,794,699
Interest expense	1,045,775	100,551	461	461
Other income	-	260,013	10,537	8,254
Loss on extinguishments of debt	5,749,575	-	-	-
Net loss attributable to common stockholders	(7,438,585)	(821,359)	(223,628)	(2,786,906)
Basic and diluted earnings per share	$ (0.01)	$ -	$ -	$ -

The sum of the individual quarterly basic and diluted loss per share amounts may not agree with year-to-date basis and diluted loss per share amounts as a result of each period’s computation being based on the weighted average number of common shares outstanding during that period.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that material information relating to ERHC is made known to the officers who certify ERHC's financial reports and to other members of senior management and the Board of Directors. Based on their evaluation, ERHC's principal executive and principal financial officers have concluded that ERHC's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of September 30, 2007 to ensure that the information required to be disclosed by ERHC in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Management's Annual Report on Internal Control Over Financial Reporting

ERHC's management is responsible for establishing and maintaining adequate internal control over financial reporting for ERHC, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of ERHC's management, including our principal executive and principal financial officers, ERHC conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Based on this evaluation under the COSO Framework management concluded that its internal control over financial reporting was effective as of September 30, 2007. ERHC's internal control over financial reporting as of September 30, 2007, has been audited by Malone & Bailey PC, an independent registered public accounting firm who audited ERHC's consolidated financial statements as of and for the year ended September 30, 2007, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

There was no change in ERHC's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, ERHC's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant; and Corporate Governance

The following are Directors and Executive Officers of the Company as of November 30, 2007 (1):

Name	Age	Position
Nicolae Luca	48	Interim Chief Executive Officer, and Director
Howard Jeter	60	Director
Andrew Uzoigwe	65	Director
Clement Nwizubo	55	Director
Peter C. Ntephe	41	Corporate Secretary

(1) *Sir Emeka Offor* served as the non-executive Chairman of the Board and Directors of ERHC from February 2001 but resigned effective August 12, 2007.

Nicolae Luca has served as Interim Chief Executive Officer since July 2006 and has served as a Director since February 2001. For over five years Mr. Luca also served as the Technical Director for the Nigeria-incorporated entity Chrome Oil Services Limited, (a separate and distinct entity from the Bahamas-incorporated Chrome Oil Services Limited which is the Company's controlling shareholder). Mr. Luca has a Bachelor of Science in Mechanical Engineering.

Ambassador (rtd.) Howard F. Jeter, a former US State Department Career Minister, is the President and CEO of the Leo H. Sullivan Foundation. For the past two years, he has served as Executive Vice President of GoodWorks International, LLC, an international consulting firm focused on business facilitation and investment promotion for Africa and the Caribbean. A former career diplomat, Ambassador Jeter served for 27 years in the American Foreign Service and retired from the State Department with the rank of career Minister. Ambassador Jeter was U.S. Ambassador to Nigeria and to the Republic of Botswana, and also served as Deputy Assistant Secretary of State for African Affairs, Director of West African Affairs, and Special Presidential Envoy to Liberia. Other diplomatic postings included Namibia, Lesotho, Tanzania, and Mozambique. Ambassador Jeter holds a BA Degree in Political Science from Morehouse College, a MA in International Relations and Comparative Politics from Columbia University, and a MA in African Studies from UCLA. He is a member of Phi Beta Kappa, the American Foreign Service Association, and the Council on Foreign Relations. Ambassador Jeter is currently Chairman of the U.S. Export-Import Bank's Advisory Committee on Africa and a member of the Board of Directors of Africare and Africa Action respectively. Ambassador Jeter has received numerous awards and recognitions for his work and service, including a Presidential Meritorious Award, State Department Superior Honor Awards, Senior Foreign Service Performance Awards, the Rainbow/Push Coalition International Peace and Justice Award, and the prestigious Bennie Trailblazer Award from Morehouse College.

Andrew Uzoigwe has served as a Director since April 2005. Dr. Uzoigwe started his career with Dow Chemical Company where he held various senior positions in its Walnut Creek Research Center and in its Specialty Chemicals Facility in Pittsburgh, California. He joined the Nigerian National Petroleum Corporation (NNPC) in 1981. During his tenure at NNPC, Dr. Uzoigwe held several senior technical and management positions including Chief Engineer and Project Coordinator (Petrochemicals), Group General Manager (R&D Division), Managing Director of NNPC's Refining and Petrochemicals subsidiaries. In 1999 he was appointed the Group Executive Director (Exploration & Production) a position he held until he retired from NNPC in 2002. Dr. Uzoigwe has also served in the Governing Boards of Raw Material Research and Development Council, National Management Agency. He has traveled extensively on numerous professional and official assignments on behalf of NNPC and the Nigerian Government. Dr. Uzoigwe is a Registered Professional Mechanical Engineer and a Registered Professional Chemical Engineer in the State of California. He is a fellow of the Nigerian Society of Chemical Engineers and a Fellow of the Polymer Institute of Nigeria. He has BSc (Mechanical Engineering) and Master of Business Administration Degree from University of California at Berkley. He also holds Msc and PhD Degrees in Petroleum and Chemical Engineering from Stanford University California.

Clement Nwizubo has served as Director and Audit Committee Chairman since March 2006. Mr. Nwizubo is currently President of Clement E. Nwizubo, CPA, PC, a New-York based accounting and management consulting firm, which he founded in 1987. >From 1985 to 1987, he was the Manager of Accounting and Financial Reporting at Primerica Corporation. From 1983 to 1985 he was the Audit Manager of Watson Rice and Company. Between 1980 and 1983 he worked as a Senior Accountant with Stewart Benjamin and Brown. Mr. Nwizubo is a Certified Public Accountant, and member of America Institute of Certified Public Accountants (AICPA). He received his BS in Accounting and Business Administration in 1977 from Oneonta State College and an MBA in 1980 from Fordham University.

Peter C. Ntephe has served as Secretary since February 2001. From 1987 to 1992, Mr. Ntephe worked with Serena David Dokubo and Company, rising to the Head of the Corporate Legal Services Department. >From 1992 to 1999, he was a partner in the law firm of NSW Law and oversaw the firm's provision of company secretarial services to corporate clients. From 1999 to 2001, he was Chief Legislative Aide to the Chairman of the Senate Committee for Judiciary and Legal Matters, National Assembly of Nigeria. Mr. Ntephe has a Bachelors' and two Masters Degrees in law, the second Masters being a specialization in regulatory issues from the University of London. He also has a Master of Science degree from the University of Oxford. Since 2005, Mr. Ntephe has taught Business Law as part of adjunct faculty in the Business School of the American Intercontinental University, London.

All Officers serve at the discretion of the Board of Directors. There are no family relationships between or among any Executive Officers and Directors. There are no arrangements or understandings between any Executive Officer or Director and any other person pursuant to which he was or is to be selected as an Executive Officer or Director.

Compensation of Directors

Compensation for fiscal 2007 and 2006, as recommended by the Compensation Committee and approved by the Board, was as follows:

Name	2007 Cash Compensation	2007 Common Stock Issuances	Value of 2007 Common Stock Issuances	2007 Total Compensation
Sir Emeka Offor	$ 38,100	60,000	$ 17,700	$ 55,800
Nicolae Luca	17,500	60,000	17,700	35,200
Howard Jeter	39,000	60,000	17,700	56,700
Andrew Uzoigwe	36,750	60,000	17,700	54,450
Clement Nwizubo	39,500	60,000	17,700	57,200
Total	$ 170,850	300,000	$ 88,500	$ 259,350

Name	2006 Cash Compensation	2006 Common Stock Issuances	Value of 2006 Common Stock Issuances	2006 Total Compensation
Sir Emeka Offor	$ 48,900	60,000	$ 24,378	$ 73,278
Nicolae Luca	26,250	60,000	24,378	50,628
Howard Jeter	40,750	60,000	24,378	65,128
Andrew Uzoigwe	39,250	60,000	24,378	63,628
Clement Nwizubo	22,833	85,000	34,536	57,369
Total	$ 177,983	325,000	$ 132,048	$ 310,031

It is expected that the directors will receive compensation in fiscal 2008.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's Directors and Executive Officers, and persons who own beneficially more than ten percent (10%) of the common stock, to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Copies of all filed reports are required to be furnished to us. Based solely on the reports received and the representations of the reporting person, the Company believes that these persons have complied with all applicable filing requirements during the fiscal year ended September 30, 2007.

Corporate Governance

The Board of Directors has adopted a Code of Ethics to govern the conduct of all of the Officers, Directors and employees of the Company. In addition, the Board has adopted Charters for its Governance and Nominating Committee, Audit Committee and Compensation Committee. The Code of Ethics and Committee Charters, along with ERHC's FCPA Policy and Whistleblower Protection Policy, can be accessed on the Company's website at www.erhc.com.

Director Independence

The Board of Directors has determined that Messrs. Nwizubo, Jeter and Uzoigwe are "Independent" as defined by the Securities and Exchange Commission ("SEC") and for purposes of Section 162(m) of the Internal Code of 1986, as amended (the "Code"). No Director is deemed independent unless the Board affirmatively determines that the Director has no material relationship with the Company, either directly or as an Officer, stockholder or partner of an organization that has a relationship with the Company. In making its determination, the Board observes all criteria for independence established by the rules of the SEC.

Audit Committee

The Company's Audit Committee is constituted of Messrs. Nwizubo (Chairman), Jeter and Uzoigwe. The ultimate responsibility for good corporate governance rests with the Board, whose primary role is oversight, counseling and direction to the Company's management in the best long-term interests of the Company and its stockholders. The Audit Committee, in accordance with its charter, has been established for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the Company's annual financial statements. As described more fully in its charter, the purpose of the Audit Committee is to assist the Board in its general oversight of the Company's financial reporting, internal controls and audit functions. Management is responsible for the preparation, presentation and integrity of the Company's financial statements; establishing and applying accounting and financial reporting principles; designing and implementing systems of internal controls; and establishing procedures designed to reasonably assure compliance with accounting standards, applicable laws and regulations. The Company's independent auditing firm is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards. In accordance with law, the Audit Committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace the Company's independent auditors. The Audit Committee has the authority to engage its own outside advisers, including experts in particular areas of accounting, as it determines appropriate, apart from counsel or advisers hired by management. All of the members of the Audit Committee meet the independence and experience requirements of the SEC. The Board of Directors has determined that Mr. Nwizubo qualifies as an "Audit Committee Financial Expert" as defined by the SEC.

The Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent auditors, nor can the Audit Committee certify that the independent auditors are "independent" under applicable rules. The Audit Committee serves a Board-level oversight role, in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial and accounting matters. Stockholders should understand that the designation of "an Audit Committee Financial Expert" is an SEC disclosure requirement related to Mr. Nwizubo's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose on Mr. Nwizubo's any duties, obligations or liability greater than generally imposed on them as members of the Audit Committee and the Board, and this designation as an Audit Committee Financial Expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board.

Item 11. Executive Compensation

Summary Compensation Table

The following table sets forth certain information regarding compensation paid by the Company to its Chief Executive Officer and other Executive Officers who received total annual salary and bonus that exceeded $100,000 during the periods involved.

Name and Principal Positions	Fiscal Year	Annual Compensation Salary ($)	Bonus ($)	Long-term Compensation Awards Restricted Stock Awards(s) ($)	Securities Underlying Options/SARs
Nicolae Luca	2007	-	-	(1)	-
Interim Chief Executive Officer	2006	-	-	(1)	-
James Ledbetter	2007	191,083	-	-	(2)
Technical Vice President					
Walter Brandhuber	2007	-	-	-	-
Former chief executive officer	2006	125,000	-	-	-
Ali Memon	2007	-	-	-	-
Former chief executive officer	2006	58,333	-	-	(3)
	2005	187,500	-	-	-
Sylvan Odobulu	2007	115,518	-	-	-
Controller	2006	18,000	-	-	-

(1) Mr. Luca was issued 85,000 shares in fiscal 2005 and 60,000 shares in each fiscal 2006 and 2007, respectively for services rendered in his capacity as a Director.
(2) Mr. Ledbetter was issued 1,000,000 options at an exercise price of $0.43 per share.
(3) Pursuant to Mr. Memon's employment agreement, Mr. Memon exercised on a cashless basis an option to purchase up to 2,000,000 shares of Company common stock in June 2006 and acquired 1,272,727 shares.

Option Grants in Fiscal Year Ending September 30, 2007

The following table sets forth information concerning individual grants of options made during the fiscal year ended September 30, 2007, to our named Executive Officers.

	Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Options Term (1)		
Name (a)	Number of Securities Underlying Option/SARs Granted (#) (b)	Percent Of Total Options/SARs Granted to Employees In Fiscal Year (c)	Exercise Of Base Price ($/Sh) (d)	Market Price at Date of Grant	Expiration Date (e)	5% (f)	10% (g)	0%
James Ledbetter	1,000,000	100%	$ 0.43	$ 0.43	12/18/2008	-	-	-

Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values

The following table sets forth information concerning options exercised during the fiscal year ended September 30, 2007 and option holdings as of September 30, 2007, with respect to our named Executive Officers.

Aggregated Option Exercises in 2007
and Year-End Option Values

Name (a)	Shares Acquired on Exercise (#) (b)	Value Realized ($) (c)	Number of Unexercised Options at FY-end (d)		Value of Unexercised in-the-Money Options (e)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
James Ledbetter	-	-	-	1,000,000	-	-

Employment Contracts

The Company neither has an employment agreement with Mr. Luca nor does it pay him a salary for his services as Interim Chief Executive Officer. Mr. Memon's employment agreement with the Company terminated in January 2006 when, by mutual agreement with the Board on his disengagement from the Company, Mr. Memon resigned his employment with the Company. The Company was obligated to pay Mr. Memon $16,667 a month through August 2007. That obligation has been discharged. Mr. Brandhuber's employment agreement with the Company commenced in January 2006 and terminated in July 2006 when, by mutual agreement with the Board on his disengagement from the Company, Mr. Brandhuber resigned his employment with the Company and there is no continuing obligation of the Company in connection with Mr. Brandhuber's terminated employment agreement. The Company has an employment agreement with its Technical Vice President, Mr. Jim Ledbetter, for a base salary of $19,167 per month and incentive compensation in the form of an option to purchase 1,000,000 shares at an exercise price of $0.43 per share. Mr. Ntephe, a consultant, is paid annual compensation of $60,000 for his services as Secretary. Mr. Ntephe was issued an option, for services rendered, to purchase 500,000 shares at an exercise price of $0.20 per share that he exercised on a cashless basis in April 2006, for the acquisition of 388,889 shares of common stock, for value received of $350,000.

Securities Authorized for Issuance Under Equity Compensation Plans

In November 2004, the Board of Directors adopted a 2004 Compensatory Stock Option Plan pursuant to which it reserved 20,000,000 shares for issuance. This plan was approved at a special meeting of the stockholders of the Company in February 2005. Under this plan, 7,576,756 shares have been issued.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,000,000	$ 0.43	11,423,244
Equity compensation plans not approved by security holders	-	-	-

Compensation Committee Interlocks Insider Participation

The Company's Compensation Committee is comprised Messrs. Jeter, Uzoigwe and Nwizubo. None of the members of the Compensation Committee has been or is an officer or employee of the Company, or is involved with a related transaction or a relationship as defined by Item 404 of Regulation S-K. None of the Company's Executive Officers serves on the Board of Directors or compensation committee of a company that has an Executive Officer that serves on the Company's Board or Compensation Committee. No member of the Company's Board is an Executive Officer of a company in which one of the Company's Executive Officers serves as a member of the Board of Directors or compensation committee of that company.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table and notes thereto set forth certain information regarding beneficial ownership of the common stock as of November 30, 2007 by (i) each person known by the Company to beneficially own more than five percent of the common stock, (ii) each Director, (iii) each named Executive Officer and (iv) all Directors and Officers of the Company as a group. As of November 30, 2007, there were 721,938,550 shares of common stock issued and outstanding. Beneficial ownership is determined in accordance with rules of the SEC and generally includes voting or dispositive power with respect to such shares.

Name and Address	Shares of common stock Beneficially Owned	Percentage Of Voting Power
Principal Shareholders		
Chrome Oil Services LTD c/o No 22 Lobito, Wuse II Abuja, Nigeria	202,785,727(1)	28.1%
Chrome Energy, LLC c/o No 22 Lobito Crescent, Wuse II, Abuja, Nigeria.	103,305,706(2)	14.3%
First Atlantic Bank 4/6 Adetokunboh Ademola Street Victoria Island, Lagos	60,641,821	8.4%
Directors and Named Executive Officers		
Sir Emeka Offor	310,296,433(1)(2)	43.0%
Nicolae Luca(3)	205,000	*
Andrew Uzoigwe(3)	205,000	*
Howard Jeter(3)	205,000	*
Clement Nwizubo(3)	145,000	*
Peter Ntephe(3)	388,889	*
All executive officers and directors as a group (6 persons)	311,445,322	43.1%

*Less than 1%.

(1) Includes warrants to purchase 2,500,000 shares of the Company's common stock, of which 1,500,000 expire in October 2008 and have a $0.25 per share exercise price, and 1,000,000 expire in April 2009 and have a $0.25 per share exercise price.

(2) Sir Emeka Offor is the beneficial owner of the shares held of record by Chrome Oil Services, Ltd., and Chrome Energy, LLC as the sole voting and investment power over these shares.

(3) c/o Suite 1440, 5444 Westheimer Road, Houston, TX 77056

Item 13. Certain Relationships and Related Transactions

None.

Item 14. Principal Accounting Fees and Services

Aggregate fees for professional services rendered by Malone & Bailey, PC for the fiscal years ended September 30, 2007 and 2006, were as follows:

	2007	2006
Audit fee	$ 92,125	$ 96,982(1)
Audit-related fees	$ 5,200	$ -
Tax fees	$ 8,341	$ 18,434
All other fees	$ -	$ 20,140

(1) Includes $12,409 paid to PKF.

Audit fees for the fiscal years ended September 30, 2007 and 2006 represent the aggregate fees billed for professional services rendered for the audit of the Company's annual financial statements and review of financial statements included in its quarterly reports on Form 10-Q or services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

Tax fees for the fiscal year ended September 30, 2007 and 2006, represents the aggregate fees billed for professional services rendered for tax compliance, tax advice, and tax planning.

All other fees for the fiscal year ended September 30, 2007 and 2006, represents the aggregate fees billed for products and services provided by the Company's audit professionals other than the services reported in the other categories. All other fees generally relate to fees assessed for corporate tax restructuring and other general corporate tax related matters.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee on an annual basis reviews audit and non-audit services performed by the independent auditor. All audit and non-audit services are pre-approved by the Audit Committee, which considers, among other things, the possible effect of the performance of such services on the auditors' independence. The Audit Committee has considered the role of Malone & Bailey in providing services to us for the fiscal year ended September 30, 2007 and has concluded that such services are compatible with Malone & Bailey's independence as the Company's auditors.

PART IV

Item 15. Exhibits and Financial Statement Schedules and Reports on Form 8-K

(a) Consolidated Financial Statements and Schedules:

1. Consolidated Financial Statements: See Index to Consolidated Financial Statements immediately following the signature pages of this report.
2. Consolidated Financial Statement Schedule: See Index to Consolidated Financial Statements immediately following the signature pages of this report.
3. The following documents are filed as exhibits to this report:

EXHIBIT NO.	IDENTIFICATION OF EXHIBIT
Exhibit 3.1*	Articles of Incorporation
Exhibit 3.2*	Bylaws
Exhibit 4.1*	Specimen Common Stock Certificate.
Exhibit 4.2*	Form of Amended and Restated 12% Convertible Promissory Note, dated effective January 2001.
Exhibit 4.3*	Form of Amended and Restated 5.5% Convertible Promissory Note, dated effective January 2001.
Exhibit 4.4*	20% Convertible Promissory Note, dated January 31, 2001, in favor of Chrome.
Exhibit 4.5*	Term Loan Agreement, dated February 15, 2001, by and between Chrome and ERHC.
Exhibit 4.6*	Senior Secured 10% Exchangeable 10% Convertible Promissory Note, dated January 31, 2001, in favor of Chrome.
Exhibit 4.7*	Form of Warrant entitling Chrome to purchase common stock of the Company, exercise price of $0.40 per share.
Exhibit 10.1*	Option Agreement, dated April 7, 2003, by and between the Company and the Democratic Republic of Sao Tome and Principe (incorporated herein by reference to Exhibit 10.1 of Form 8-K filed April 2, 2003)
Exhibit 10.2*	Management and Administrative Services Agreement by and between Chrome Oil Services, Ltd. and the Company. (Incorporated by reference to Form 10-KSB filed September 24, 2001).
Exhibit 10.4*	Letter Agreement, dated November 29, 2004, by and between the Company and Chrome (incorporated herein by reference to Exhibit 10.1 of Form 8-K filed December 29, 2004).
Exhibit 10.5*	Promissory Note, dated December 15, 2004, made by the Company in favor of Chrome (incorporated herein by reference to Exhibit 10.2 of Form 8-K filed December 29, 2004).
Exhibit 10.6*	Promissory Note, dated December 15, 2004, made by the Company in favor of Chrome (incorporated herein by reference to Exhibit 10.3 of Form 8-K filed December 29, 2004).
Exhibit 10.7*	Employment Agreement with Ali Memon.
Exhibit 10.8*	Audit committee charter
Exhibit 31.1	Certification Pursuant to 18 U.S.C Section 1350, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification Pursuant to 18 U.S.C Section 1350, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification Pursuant to 18 U.S.C Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification Pursuant to 18 U.S.C Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

· Previously filed

SIGNATURES

In accordance with the Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on December 14, 2007 on its behalf by the undersigned, thereunto duly authorized.

ERHC Energy Inc.

By: //s//Nicolae Luca

Nicolae Luca,
Interim Chief Executive Officer

//s//Sylvan Odobulu

Sylvan Odobulu
Principal Accounting Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
//s// Howard Jeter	Director	December 14, 2007
Howard Jeter	Member Audit Committee	
//s// Andrew Uzoigwe	Director	December 14, 2007
Andrew Uzoigwe	Member Audit Committee	
//s// Clement Nwizubo	Director	December 14, 2007
Clement Nwizubo	Chairman Audit Committee	

CORPORATE INFORMATION

Board of Directors

Howard F. Jeter

Nicolae Luca

Clement Nwizubo

Andrew C. Uzoigwe

Vision Statement

ERHC Energy's vision is to maximize shareholder value through exploitation of its rights and working interest in exploration acreage offshore central West Africa.

Leadership Team

Nicolae Luca, Director and Interim President and Chief Executive Officer

Peter C. Ntephe, Corporate Secretary

James Ledbetter, Vice President Technical

Sylvan Odobulu, Controller

Safe Harbor Statement

This document contains "forward-looking statements." Such statements include, but are not limited to, statements concerning ERHC Energy Inc.'s future operating milestones, future drilling operations, the planned exploration and appraisal program, future prospects, future investment opportunities and financing plans, future shareholders' meetings, response to the Senate Subcommittee investigation, developments in the SEC investigation of the Company and related proceedings, as well as other matters that are not historical facts or information. Such statements are inherently subject to a variety of risks, assumptions and uncertainties that could cause actual results to differ materially from those anticipated, projected, expressed or implied. A discussion of the risk factors that could impact these areas and the Company's overall business and financial performance can be found in the Company's reports and other filings with the Securities and Exchange Commission. These factors include, among others, those relating to the Company's ability to exploit its commercial interests in the JDZ and the exclusive territorial waters of São Tomé and Príncipe, general economic and business conditions, changes in foreign and domestic oil and gas exploration and production activity, competition, changes in foreign, political, social and economic conditions, regulatory initiatives and compliance with governmental regulations and various other matters, many of which are beyond the Company's control. Given these concerns, investors and analysts should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this document. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

DESIGN: ARTISAN FIELD INC., HOUSTON

ERHC Energy's Guiding Principles

What is truly important to us as an organization?
The following core values are the underpinning of our company culture.

- Conduct business fairly and honestly;
- Practice business within both the letter and spirit of the laws which govern our decisions and actions;
- Act responsibly towards those who work for us, the communities in which we operate and our business partners;
- Be accountable for our actions;
- Strive to protect the environment in which we operate for future generations;
- Provide clear vision, focus and communication;
- Respect diversity and treat all with dignity;
- Maintain a commitment to do the best of our individual abilities at all times; and
- Create opportunities that support our growth and value proposition.

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